DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 25, 1955

It had been expected for some time that the corn loan would be reduced somewhat below the 90% level, and by a rather complicated formula in estimating the carryover on October 1st and the probable crop for next year, the Department finally concluded that they would support the price at 87% of parity. On basis of the February 15th parity price, the loan will be $1.58, and this will be a minimum but would be increased if parity is higher at the beginning of the crop-year next October. In order to obtain the loans, growers must comply with acreage allotments. If they do the loan will be available to May 31, 1956 and would mature July 31, 1956. Last season's loans averaged $1.62, which was 90% of parity, and it is estimated that this was about equal to $1.77 to $1.82, Chicago basis. Making the same computation for this year the Chicago loan would average between $1.73 to $1.78, according to the origin of the corn and freight to this market.

There was no great surprise in the figures, as most people had expected a somewhat lower loan, particularly in view of the general feed situation. Another big supply of feed is in prospect this year, according to reports received from farmers on the acreage of spring-sown crops they intended to plant on March 1st. For each of the four feed grains farmers plan acreage increases, although corn is up only slightly, but most of the grain is in the high-yielding heart of the corn belt. For other grains increases are 1% for oats, 9% for barley, and 7% for sorghums (for all purposes). It should be pointed out that these crops are not yet planted, and nobody can tell what the weather will be, but with a little arithmetic and assuming they finally plant as they showed intentions, there would be under normal conditions 125 million tons feed grains produced if yields come up to the 1949-53 average. This would be second only to the 135 million tons produced in 1948, but actually 3.4 million above 1954. Hay acreage is also likely to increase; most of the grain will be in the South Plains states in the west, but over-all about a 2% increase, or roughly 1.6 million acres.

There was some unexpected moisture over parts of the Southwest, mostly in the form of snow, also some precipitation over the corn belt. Temperatures had fallen decidedly, and it is unusually cold for this season of the year. There is more snow likely this afternoon in southwestern areas, and the five-day forecast is also suggesting some additional moisture but it will be light in the western districts. This naturally caused some weakness in wheat this morning, and it is quite surprising the ease with which the market reacts on reports of only moderate moisture. However, much of the recent buying has been based on reports of high winds, dust storms, etc., so that the trade is quite nervous when any improvement is indicated.

Primary receipts of wheat today amounted to 910,000 bu which compared with 992,000 bu last week, and 719,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 368,000 bu. When the wheat visible is posted on Monday it will compare with last year's decrease of 497,000 bu.

The weather seemed to be the main factor today. However, not much attention was paid to a forecast for decidedly colder temperatures in Kansas. The thermometer may fall to nearly zero with strong gusty northerly winds likely. As a matter of fact, there was a fair amount of pressure on the new-crop wheat futures, although the May delivery went down just as much. The AMS keeps insisting that market supplies are likely to be tight until harvest of the new wheat crop begins. They point out that in the period from January to June last year 325 million bu were used in the U. S. They further say that prices probably will stay near current levels until May when prospects for the new-crop will begin to affect the market.

Corn was rather weak, in spite of the fact that offerings from the country seem to diminish on declines. Beans were somewhat weaker, although the May delivery is still very strong compared to later months. The fact that Chicago stocks have declined, and that shorts were compelled to pay rather stiff prices to cover their March contracts, is apparently creating a firm sentiment at least until the movement from the country improves. While rye prices recovered from the low point of the day, there were seasonal lows established during the session.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 28, 1955

There seems to be more pessimism in Washington with respect to agricultural policies, prices, etc., and to that extent Secretary Benson is being accorded more harsh treatment by various committees. He is being questioned on matters of acreage allotments, particularly with respect to wheat, also lower support prices, etc., and must substantiate his views on flexible price supports. Nobody can tell for sure whether quotas will be supported or defeated but if there should be negative action on part of producers, support prices would drop almost in half and then there would be no limitation on wheat acreage. This, of course, would upset all previous calculations.

As matters now stand another large total crop output is in prospect for 1955, dependent to some extent on weather conditions, and while there were fairly good snows last week in some areas there were reports that nearly 2 million acres of land in the Great Plains were damaged during the severe wind storms of March 10th and 11th. This brings total damage to a coverage of 7 million acres which has been hurt since November, 1954, according to USDA. The worst damage has been in Colorado, Kansas, New Mexico, Oklahoma, Texas, Nebraska, and Wyoming. It should be borne in mind that planting intentions which were given to us recently are not forecasts but merely indications of what is likely under normal weather conditions and under more or less stable price trends. About the same total acreage will be sown to all crops although sizeable shifts are contemplated for some crops. Much of the diverted acreage due to allotments will be planted to soybeans, feed grains, and hay, also additional pastures, according to March 1st plans. The 1955 acreage of feed grains will be somewhat larger than last season and the largest in recent years. In almost every pamphlet issued by the USDA it is stated that wheat prices are expected to continue near present levels until prospects for the new crops become clear. They go on to say that normal supplies of wheat are likely to be tight until harvest of the new crop begins.

Farmers received approximately $4.5 billion from marketings in the first two months of 1955, which was a reduction of 5% from last year. Prices of crops averaged 3% higher but marketings were down slightly. The preliminary announced loan rate for the 1955 wheat crop is 8% less than for the 1954 crop. While there does seem to be more tightness in the outside markets than here in Chicago, due to our local situation with respect to soft wheat, there may be some relief in late May and in June as part of the shortage could then be offset by early marketings of the new-crop wheat. It is probably for that reason that demand for flour is at such low ebb although some bakers have been able to buy supplies with relative ease since merchant mill stocks on January 1st were relatively large and totaled 145 million bu compared with only 123 million a year earlier and 118 million, the 1949-53 average.

Our exports of wheat and flour are now officially given through February and for the first eight months totaled 170 million bu, which was nearly 34 million more than for the same months last season. On the other hand clearances of corn have declined, and from October through February of this season, shipments were only 34.4 million vs. 52.2 million a year ago.

When the visible supply of wheat was posted, there was a decrease of 1.6 million bu, which leaves total stocks in all positions 338 3/4 million bu, or nearly 62 million bu more than last year. Corn decreased 1 1/2 million bu, leaving 41.3 million bu in various markets compared to 31 million a year ago. There was a decrease of 1/2 million bu in the oats visible, while beans showed a decrease of 706,000 bu, leaving only 2.8 million bu at all visible points, compared with nearly 12 million bu the year previous. Here in Chicago the stock of beans have been cut to 634,000 bu, and local wheat stocks have been reduced to 8 1/2 million bu.

There was some short covering today in wheat, and one of the crop reporters spoke rather pessimistically about conditions in north central Oklahoma and south central Kansas. The spread between May and July closed at a difference of about 14¢ per bu.

The Department of Agriculture spoke of the corn borer, which was imported into this country in 1917 and has since spread into 37 states, including most of the corn growing areas. It has been a costly affair, and last season nearly 192 million bu of grain, worth more than $261 million, was destroyed from this cause. Cash demand for corn was a little better -- at least one industry was paying 1/2¢ per bu better basis at Decatur than on Friday. There was also some improvement at Peoria.

Beans were bought by locals, and there were stop-loss orders also uncovered, which gave us a higher close.

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CHICAGO, 4 March 29, 1955

Despite a smaller corn crop than last year, market prices for this cereal have been rather disappointing; in fact, feed grains generally have been on the soft side as compared with 1954. For example, the price of #3 yellow corn at Chicago declined about 7¢ per bu during the month, and is 13¢ lower than a year ago. The BAE anticipates that the price level of corn may be relatively strong compared with other feed grains during the next few months because a large part of the reserve stocks of corn will be owned by CCC, or may come under the loan. Market receipts of corn so far this season have been somewhat smaller than the two preceding years, and much of the corn has been of lower quality. Even though prices have been below the support level farmers have placed only 131 million bu of corn in the loan or purchase agreements through mid-February. This smaller quantity than the previous season may have been due to the fact that fewer farmers were eligible to receive the loan. On the other hand, record quantities of 1954 oats, barley, and sorghum grains have been placed under the price support program.

The general outlook for feed grains is not particularly optimistic, and again quoting from BAE, they feel that prices of oats, barley, and sorghum grains probably will average lower this summer if the 1955 growing season is normal. Large acreages of these crops are again in prospect, and the 1955 support prices for the three grains are about one-fifth lower than in 1954. The price of soybean meal has been running about $15 to $20.00 per ton below a year earlier during recent weeks, and also has been lower relative to other protein feeds. This reflects the much larger production of soybean meal in prospect for the 1954-55 season.

Before our market opened this morning there was not much to guide it. Weather has turned milder, and it seems to be generally fair over the country. The five-day forecast suggests some precipitation for eastern sections of the Southwest, but not much in the western regions where it has been dry, and where reports have been rather pessimistic with regard to the new crop. In the Northwest, we had the Peavey report this morning which tells of freezing ground in all areas, and the fields are snow-covered with the exception of central South Dakota and southwest North Dakota. As a result of this situation the surface moisture is considered ample to start the crop in all areas. Subsoil moisture is mostly good in northern North Dakota and Minnesota, with southern North Dakota and much of South Dakota on the short side. It will take anywhere from 1 to 3 weeks of warm weather to bring on general field activity, and up to the present time seeding operations have been on the slow side. In some districts farmers are quite concerned over the delay.

Trade was inaugurated today for the handling of contracts in cottonseed oil futures on our Exchange . It should prove to be very successful as it fits in well with the other commodities here, such as soybean oil futures, lard, etc. Moreover, we have the scalping element, which should give us good liquid trading, Our contract differs from the one in New York, primarily on the basis for pricing. Quotations are based on New York delivery, but when tenders are made at other points the seller makes an adjustment to the buyer by decreasing the delivery price at the rate of 85% of the local freight rate from point of delivery to New York. For all intents and purposes this prices the oil at a relative premium over New York if and when it is located near production areas. However, it has the added advantage of giving the buyer the privilege of distribution for which he pays only a moderate premium.

Primary receipts of wheat today were 1.1 million bu, which was a little less than last week, but compared with 895,000 bu last year. Kansas City and Minneapolis stocks showed a net increase of 129,000 bu. Primary receipts of beans were 144,000 bu vs 197,000 bu last week, and 194,000 bu a year ago.

For a long time there was great indifference to weather and crop reports from the Southwest; even after the mid-day forecast was published the wheat market seemed to ignore some of the warnings. However, the reports from Wichita claiming high winds and dust in the air, together with other adverse news but of somewhat similar character, brought some short covering into the market, and the close was higher. There was a small amount of red wheat worked from here to Kansas City, which influenced the May delivery, which seemed to keep pace with the new-crop months.

Corn and oats had been quite indifferent early but improved when the leading cereal recovered. There was never much strength to the bean market. Country selling is still extremely light, but it is difficult to arouse much enthusiasm as long as there seem to be large quantities left in the country. Some export business is currently reported in wheat, but we presume that it will come mainly from government holdings.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

March 30, 1955

A great many economists discuss farm income and comparisons are often made with either a prewar basis or the base period which was regarded as the golden era for agriculture. In none of these computations, however, have we noticed that any allowance was made for the fewer number of farmers who till the soil and consequently the distribution is much more advantageous for individual agriculturists. For example, it might be said that the net income from agriculture in 1954 was only slightly higher than in 1950 but yet on a per capita basis income from agriculture last year was actually 11% higher than in 1950, which shows that as the movement from farm to cities increases the division of profits is relatively better for the smaller number who divide total farm income. With farm machinery it has been possible for today's farmers to produce as much food and fiber as five farmers did a century ago. A manhour of farm work produces about three times as much grain and oil crops as it did in 1910. Thus as we progress by leaps and bounds in our efficiency, we should by the same token take into account that any statistics which are based on past records are not at all comparative or realistic. In 1940, it took 47 manhours to produce 100 bu wheat, whereas today it takes only 31 hours. Before World War II, it took 83 manhours to produce 100 bu corn, while today it takes only 45. These are averages and on some farms where better fertilizer and better techniques are employed, the comparison might be even greater. We are nowhere near the end of the road, but as far as seeing scientists point out, despite all improvements thus far, we are only at the beginning. Even now American farmers could increase acreage yields considerably by adopting tested improved practices, including the use of sufficient fertilizers, insecticides, and other methods.

Before our market opened this morning there was not too much to guide it. It had been dry over most of the grain belt area during the past twenty-four hours, and there is no immediate forecast for relief, although by Friday there is some possibility that a change in the map may be noted.

The situation in the Southwest bears close watching. For example, the State of Kansas as a whole received only 75% of normal precipitation and total rainfall is some 5 inches less during the past three years than for any previous three-year period. The era from 1952-1954 is the driest three-year period of record over a large southeastern area, and there can be no doubt that we need a good soaking rain in order to bring about much improvement. In Nebraska there was some spotted damage to winter wheat in the Panhandle and southwestern areas during the week. High winds were anything but helpful, although up to this time it appears as though actual injury will be light.

In Europe Broomhall tells us that there are comparatively few complaints regarding winter crops, despite extreme variations in temperatures. The spring planting season is backward and has been further delayed by rains. Plans call for a/much larger spring wheat acreage than last year to make up curtailment in fall planting, but some doubts are now expressed that the total acreage will come up to last year.

Primary receipts of wheat today were rather small and amounted to 674,000 bu compared with a little over a million bu last week, and 544,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 254,000 bu.

The main feature in wheat today was the comparative strength of the May delivery. According to newspaper comments, CCC has approved a plan of shifting wheat stocks. Nobody knows exactly how this will work, but some conjectured that the government might buy red wheat in Chicago where it is in fairly free supply, and would at the same time sell hard wheat in the Southwest where it is comparatively tight. We do not know whether this will be done, but in any event there was considerable unwinding of the spread between May wheat and the new-crop deliveries. As a result deferred months were weak.

Late reports spoke of high winds again and poor visibility, but little attention was paid to these factors. There were reports that some fairly good quantities of red wheat had been worked from here to the Southwest, but this apparently imparted strength only to the May future.

Beans were again weak, and there was no special selling, but it is still figured that the market cannot do very well as long as there are such large supplies left back in farmers' hands.

Corn was very little changed, and general trade in that pit was light.

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CHICAGO, 4 March 31, 1955

After the close of the market yesterday, parity prices were published, and for wheat we now have a figure of $2.52 per bu, which is 1¢ higher than the month before. It compares with $2.49 a year ago. While unimportant by itself, the main significance is that it would make the farm loan about $2.08 per bu if the same price level were maintained in mid-June. Most other commodities were up in about the same proportion. Corn now figures at $1.83 per bu, or 2¢ higher than last year at the same time.

There are a great many other things occurring in Washington, and we had news late yesterday that an additional 100 million bu wheat had been added to the "set aside" stock, which is done mainly for purposes of calculation with respect to allotments, etc. The addition brings the total quantity to 500 million bu, which is the maximum authorized. The Agriculture Act of 1954 provided that not less than 400 million nor more than 500 million bu CCC-held wheat was to be set aside or isolated from commercial markets. The wheat can then be disposed of in constructive ways which will not disturb normal trade in either domestic or foreign markets, in accordance with provisions of the controlling legislation. Mainly we would say that wheat in the "set aside" is not counted in computing price support levels. When this sterile stock is set up for unrestricted use, it may not be sold domestically at less than the formula price. This applies to all disposal methods except, as we understand it, export sales, barter, donation, or transfer. We still have with us yesterday's notice by the Department, that government stocks at country storage points near the location where the wheat is produced might be sold at prevailing market prices. At the same time CCC would buy an equivalent amount of wheat at terminal or port locations where it could be more readily moved into distributive channels. It is legally possible but most unlikely that the government might under such conditions buy privately-owned stocks of red wheat here in Chicago, inasmuch as tonight CCC falls heir to millions of bushels of soft wheat here and to the east of us. It has been stated that the Department would be able to rotate wheat that was in danger of deterioration by selling such country grain at country points and buying back equivalent quantities of the better grades at terminals. The program applies only to the 500 million bu wheat that the Department now has in its "set aside" program. Under the new farm law it will probably take several weeks to work out all the details of this operation, and, therefore, may not have too much effect upon May wheat in Chicago until matters become clarified.

Primary receipts of wheat amounted to 780,000 bu, which compared with 905,000 bu last week, and 765,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 278,000 bu.

During the session we heard of dust blowing in a number of sections of the Southwest, but on the whole many of the reports which came from our own offices looked pretty good with respect to the crop prospects. The bad territories were in Western Kansas, and, of course, Texas is still a bad State, although some of the offices thought that moisture would still be helpful. In the Amarillo territory there seems to be a good possibility of showers in that district and the surrounding territory, but the amounts probably will not be heavy. The official forecast is for some good moisture in Northwestern Kansas, although our own weather man believes that it will be light in the western and central parts of Kansas and Nebraska, and heavier to the east.

While flour buyers continue to resist the market there was some business put through, but not much commercial buying of hedges in the pit. The Census report did not have much influence on the market, despite the fact that stocks of beans are very low, and less than half as much as was on hand a year ago. The February crushings were a little heavier than last year, and considerably smaller than January. General confidence in the market seems to be lacking for the reason that so many people still figure that the farmer will finally have to sell. There was some export business in corn, Austria having purchased two cargoes for April shipment.

The U S D A pointed out that in addition to the 131 million bu of 1954 corn under loan or purchase agreement up to February 15th, that about 100 million bu of 1952 and 1953 corn had been resealed on farms, and about 620 million bu of old-corn owned by the CCC, making a grand total of about 850 million bu, which was under the price support program in February. Farmers have through May 31st to place

their 1954 corn under price support.

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CHICAGO, 4

April 1, 1955

There have been a great many conversations lately with respect to additional swapping operations by CCC. We are convinced that motives are all intended to be helpful with the idea of providing wheat in areas where it may be tight and buying it in other sections of the country where there may be a surplus. This, of course, is often done by the grain trade itself, and under normal conditions when there is no artificial support the private grain trade has often prevented distortions. In fact, no country in the world, prior to the advent of the loan program, had progressed so far in the marketing of grain as the U. S., and under our system there developed ever-ready markets for the constantly increased crops that have been harvested. However, it is somewhat different when a government comes into the picture, and we have already seen the effects of their support operations in building up surpluses as have never before become accumulated. Furthermore, if the government should go into the business of arbitraging, we are very much afraid that it would tend only to harass free enterprise.

It is, however, our considered judgment, as we mentioned yesterday, even though the legal right undoubtedly exists for the purchase of wheat in surplus areas against sales in deficiency regions, that there will be a minimum of barter deals, insofar as it may affect contract markets. After all, the hedger who has grain in various parts of the country must have reliance on the fact that supply and demand factors will be permitted to function with a minimum of outside interference. It is only through the confidence which has been built up over a period of 100 years that a hedger could operate freely in contract markets in the hope of protecting his legitimate operations. Should anything be done to artificially tighten a market through the arm of government, it might finally endanger our entire marketing structure, and repercussions would be so severe that inthe final analysis operations of the private grain trade might be further impaired, as has always been the case in many European countries. It should not be forgotten that if the market is a free, open, and competitive market, it makes the automatic adjustment of production to consumption. In the open, competitive market a constant adjustment is made coordinating consumption to production on basis of facts and not theories.

Before our market opened, there were reports of fine rains in the Southwest. It is another example of the inadequacy of even short-time forecasts, which brings us again to the conclusion that some of the longer range ones are practically worthless. In any case they were the best rains we have had for months, especially in Southwestern Kansas and Western Oklahoma, not to speak of about 1/2 inch that fell in the Panhandle of Texas. It can now be said that the area encompassed quite a large circle in the important wheat-producing sections of our Southwest. More rain is still likely but may possibly be confined to eastern sections of the belt.

Primary receipts of wheat amounted to 1,136,000 bu which compared with 910,000 bu last week, and only 645,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 366,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase last year of 232,000 bu.

The main factor today was naturally the weather. As the session progressed there were further reports of rains in parts of Kansas, and since much of the recent buying has been due to reports of dust and high winds, we naturally had liquidation today, but by the same token, July wheat selling well under $2.00 encountered some support on extreme breaks. There were occasional bookings of flour, but there is no sustained business, and this is quite understandable with the big premiums that are prevailing for the old-crop over new. Corn was somewhat lower in spite of the fact that bookings from the country were light. The weakness in wheat seemed to have some influence on most grains, although oats held fairly well, and there is no pressure on that cereal, plus the fact that stocks have been going down, and the May delivery is commanding a pretty fair premium over later months. We are asked so often what we think of rye. There can be no doubt but that this cereal is cheap. By the same token, however, it is without much appeal, and unless there is a good export trade it may be difficult to expect any material advance.

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April 4, 1955

Some wonderful rains had been reported over many parts of the Southwest on Friday, but it is generally acknowledged that it will take more than one good rain to make up for some of the subsoil moisture shortages which have been built up over a long period of time. At the end of the 1954 crop-season, conditions with respect to the soil were not favorable over many sections of the western belt, although this condition was relieved to a large extent with mostly ample topsoil moisture, although there were still shortages of reserve subsoil moisture in some areas. The chief problem area is in the western part of the lower and central Great Plains where rainfall has been well below the low normal for several seasons. Wheat and pastures in that area have been in a rather precarious position and have already suffered severely from wind erosion. If good rains fall soon, much wheat could recover and produce a crop. If rains do not come later sorghums and groomcorn may be planted to furnish feed and cash crops.

When traders came to their offices this morning, there had been widespread reports of high winds and dust. Chances are that there may be some moisture in Nebraska and possibly in the extreme east portions of Kansas and Oklahoma, but otherwise generally fair and windy conditions are expected tonight and Tuesday. Meanwhile, there have been a few showers over the corn belt area and considerable snow was reported over portions of Wyoming and Montana, but as far as spring wheat conditions are concerned, there is no apprehension except that the season is generally not as early as in the last few years. On the other hand, there have been no serious delays in starting spring work. Actually there are a few areas which are advanced and improvement in soil moisture conditions in large areas during the last few weeks permit some optimism about crop prospects. Shortage of irrigation water supplies, and drought in a large southwestern area seem to be, according to some government experts, the chief dark spots in the otherwise good spring prospects.

According to USDA exports of wheat and flour from the four principal wheat exporting countries: namely, the U. S., Canada, Argentina, and Australia, from July 1, 1954 to March 25th of this year have totaled 542 million bu compared with 488 million bu a year ago. Included in this tally are U. S. exports of 195 million bu, which compare to 143 million last season. Our soybean exports from October 1st through March 25th have amounted to 38 3/4 million bu vs. 31 1/4 million bu the same time last year. On March 1st supplies of soybeans which remained in this country for processing, export, or carryover totaled nearly 174 million bu against less than 120 million bu a year earlier. It is this situation apparently that has had a bearish influence on the trade, despite the fact that marketings have not been heavy, and pressure from first hands has actually been light. It should be borne in mind, however, that stocks of soybeans in crushing plants on March 1st totaled only 24.4 million bu as against 56.9 million bu a year ago, and 55.4 million bu, the five-year March 1st average, (1949-53). It is quite obvious that there is a peculiar technical situation in the midst of what appears to be a plentiful supply, taking the total stocks still remaining in the country.

When the visible supply of wheat was posted there was an increase of 219,000 bu, which brings the total to nearly 339 million bu, or about 62 million bu more than last year. The corn visible showed a decrease of 2.3 million bu, cutting supplies to 39 million bu vs 29.4 million bu a year ago. There was a small increase in oat stocks, but beans decreased 310,000 bu leaving only 2 1/2 million bu in all markets compared to 11 million bu the previous year. Here in Chicago we had a rather healthy decrease in wheat stocks; there is just less than 8 million bu here, and with a small decrease in beans we have only 581,000 bu in Chicago.

Markets were not very decisive; for the first two hours or so there was considerable indifference even to the reports of wind, dust, etc., and the fact that outside markets lagged (for a time) may have been responsible for some local selling. Later, however, there seemed to be a slightly improved sentiment, particularly as the late forecast did not suggest much chance for any further relief. Aggressive buying of May wheat which we had seen for several days seemed to be lacking, and there was some narrowing of the spread between the nearby future and the new-crop deliveries. Country offerings of corn seemed to be very light, but on the other hand there is no important demand either. The nearby futures did relatively better than the distant deliveries.

Denmark was supposed to have taken some beans for May shipment, and was also asking for offers for October tenders.

Rye futures in Winnipeg were very weak, and this was claimed to be due to selling by an international house.

UHLMANN GRAIN CO.

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CHICAGO, 4

April 5, 1955

There has been a recovery in business from the mild recession, and the upswing has been spear-headed by the automobile and steel industries, together with related lines, all of which has been bolstered by heavy consumer buying. The large number of cars now in use has created a dramatic change in the distribution of our population. From 1940 to 1953 the number of persons living in suburbs has increased from 18 million to 30 million -- a gain of 67% as compared with a gain of only 20% in the total population. The fact that there has been a general rise in income has enabled people not only to use automobiles to a greater extent, but also has made it possible for more persons to own their own homes in more comfortable and pleasant surroundings, with more open space than prevails in the cities. Private construction for the first two months of this year has aggregated over $4 billion, or 21% more than during the same period of 1954. More home building has been the outstanding feature.

This residential boom has been helped by easy mortgage terms, extremely low initial payments, and an unusually long maturity period. A good many authorities are disturbed over the building situation which has continued steadily upward for ten consecutive years. The current number of houses has far exceeded the family formations, while the mortgage debt is piling up at a disquieting rate. The Administration, recognizing this spectacular development in the building industry, has asked Congress for authority to tighten up, if necessary, on some features of the Housing Act.

Before our market opened this morning there was not much to guide it. There had been no moisture overnight in southwest areas, but little had been looked for. The five-day forecast, if it means much, is fairly optimistic, and more rain will occur in the eastern portions of the belt than in the western. Precipitation may average as much as 1 inch in southeastern Oklahoma, and 1/4 inch in southeastern Kansas, and for the remainder of Oklahoma. There will be little or no precipitation immediately in Nebraska, or in western or northern Kansas. By Wednesday or Thursday rains and showers are likely in those areas. For Missouri there may be as much as 1 inch of precipitation by Thursday or Friday in the southeastern part of the State, ranging to 1/4 inch in the northwestern section. All in all, there is some relief being afforded, and this prevents too much bullish enthusiasm, despite the fact that new-crop futures are selling at a big discount under the May, and by the same token new-crop wheat at about $1.95 per bu compares with the probable Chicago loan of about $2.42.

Canada last year had nearly a failure crop, and produced a little less than 300 million bu of wheat compared with 614 million bu a year ago, and 688 million two years ago. With reasonably good moisture conditions and an acreage not much different from the year before that country is apt to give us considerable competition again this summer, and should their wheat exports exceed 350 million bu, as has been the case on several occasions, it would naturally have a bearing upon our ability to ship as much as we are currently able to clear. Canada's domestic disappearance does not vary a great deal from year to year, and an allowance of 150 million bu is about all that one can figure possible with a population of some 14 million persons

Primary receipts of wheat today totaled 1,223,000 bu vs 1,144,000 bu last week, and 1 million bu on comparable day of last year. So far this week stocks at Kansas City and Minneapolis are about a stand-off, with Kansas City decreasing and Minneapolis increasing. Contract stocks of wheat in deliverable positions in Chicago are approximately 3 million bu #1 and #2 red winter wheat, of which probably about 2 million bu represents free wheat. Flour business shows no pick-up and inquiry is very slack.

According to the Occident Crop report very few of their stations report any seeding or field work having been done so far. However, if weather conditons remain as they were most of last week field work can be quite general throughout alarge part of their territory this week.

Our wheat market was under the influence of great weakness in Minneapolis and Kansas City. It seems that low protein premiums in the Northwest have been declining, and there is now a possibility of deliveries in that market. South Dakota wheat is moving in greater volume, and with old crop deliveries commanding such a big premium over new-crop that it would seem improbable that anybody would want to carry anything over except for immediate needs. The delayed opening of naviation is also a factor in the Northwest, and there is apprehension of what the government might do regarding swaps.

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CHICAGO, 4

April 6, 1955

During the past twenty-five years there have been some very major changes in the distribution of our national income. Since 1929 employees have gained a larger share of the national intake, while the proportion distributed to property has shown a marked decrease. For example, last year national income in this country was $300 billion, and the compensation of employees accounted for nearly 69% of the total as compared with only 58% in 1929. On the other hand the proportion of income distributed as rent during this period declined from 6.2% to 3.6%; dividends declined from 6.6% to 3.2%, and interest from 7.3% to 3%. The number of families in the income group ranging from $3,000 to $7,500 increased from 28% of the total in 1929 to 52% in 1953. Since 1929 the middle income group has increased more than two and one-half-fold, both in number and in income. This was relatively better than for most other countries. In 1953 our middle group income was equivalent to nearly twice that of Great Britain and Canada.

Before our market opened this morning there had been no rains reported over southwestern areas, but the forecast is for precipitation in Texas, although it may be confined to the eastern sections. There should also be some rain in southeastern Kansas and eastern parts of Oklahoma. In the Northwest we have reported delays in seeding activity but if weather remains good through most of this week field work should be quite general and farmers seem eager to go ahead. Snowfall during the winter as a whole was light and fall moisture was rather limited, particularly in the southern half of the Northwest. It is quite obvious, therefore, that we shall have to have more than the usual April showers to bring about good average results and actually a few reports at hand indicate the need of rain for good spring plowing. Durum seed is not too plentiful but many farmers are planning to sow a little larger quantity as a result of special consideration given them on their allotments.

There was some Canadian wheat sold overnight, Germany having taken 4 cargoes, but here at home the demand was rather slack. We had a wire from Kansas City late yesterday that No. 1 red wheat in that market sold at 6 over Kansas City May, which was a decline of 10¢ in about a week or ten days. Thus it does not seem likely that movement from Chicago to the Southwest will continue as had been the case for a time. We ourselves bought a few more beans overnight but this was due mainly to processor demand, and they were paying about 5 1/2¢ over the May future, TCS Illinois, while truck beans were actually traded at a price of 5¢ higher.

Primary receipts of wheat were light today and amounted to only 466,000 bu which compared with 674,000 bu last week and 593,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 286,000 bu.

Our wheat market today was a little weaker at the start but later inthe session there was some buying of new crop futures and there has been some talk of deterioration in the weekly state reports, although in Nebraska no extensive damage was claimed but for Kansas they spoke of the necessity of more moisture quickly if we are to feel the full effects of the recent relief. The wheat crop, particularly inthe southwestern part of that state, suffered additional loss of acreage during the past week where prior to the moisture it was being plagued by severe drought, etc. In any case, the May wheat future did not respond to the moderate buying which occurred in later months although there was a slight improvement in the flour sales overnight.

Minneapolis futures which were so weak yesterday showed a little better undertone. In contrast to the 527 cars that they had in their receipts yesterday, there were only 78 cars in this morning, the bulk of which was for the account of Commodity.

Our corn futures held reasonably well but there was no great enthusiasm to buy. The spot market was about 3 1/2¢ over May but there was no real pressure from first-hands. By the same token the demand was also not too active.

Processors were paying fairly good prices for beans and this had some influence on the May future, but the deferred months were a little weaker and there is still the feeling that some time before long that there will be heavier liquidation in the country, particularly before the new crop becomes available. This general situation is preventing sustained strength and at the same time we hear that there is some dissatisfaction in the country because prices are so much lower than they were a year ago.

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CHICAGO, 4

April 7, 1955

The Department of Agriculture, in addition to finding new crops, is continually attempting to improve the strain of old ones in an effort to better the composition of presently grown varieties. At the moment this is being done with respect to new corn hybrids in the hope of obtaining higher protein content. Experiments are also going on to provide more Vitamin C in strawberries. In doing this it has been found that for many of our crops the best sources of germ plasm are found in the regions where these plants originated as crops. For example, the Middle East and Southwest Asia have been ancient reservoirs of germ plasm for cereals and forage crops, and likewise for many of our vegetables. The mountains of Central and South America provide a wealth of good genetic material for the improvement of corn, tomatoes, and potatoes. In other words, crops originated there and thus for any improvement those sources are considered to be very helpful. All plant material is channelled into the country through the Inspection House in Washington, D.C. Much of it must be grown under quarantine before it can be released for further study. Germ plasm of established crops is sent to one of the five primary introduction stations in the Federal-State cooperative program. These were established following passage of the Agricultural Research and Marketing Act of 1946. At that time Congress recognized the importance of plant introduction work and the need to expand it. Legislation made it possible to set up regional organizations in which the agricultural experiment stations in every state and in Puerto Rico, Hawaii, and Alaska could take part.

Before our market opened this morning, there had been very little rain reported overnight. Oklahoma City had 1/4 inch moisture but hardly anything further was claimed for the Southwest. The forecast is not particularly optimistic, but, of course, over the extended holiday, there is always a chance that the map may change. Nevertheless, our own weather man in trying to look for several days ahead feels that it will be warmer but mostly dry, and if this is the case there may be further complaints registered on Monday.

It was also reported that Austria is expected to be in the market Tuesday for one cargo of No. 2 red wheat, and possibly 2 cargoes corn for May shipment. Israel is expected to buy a cargo of hard and red wheat soon, and this brings up the question, with smaller stocks in the East, whether the red wheat may have to be furnished via gulf ports. It likewise emphasizes the possibility that Chicago red wheat stocks might be further depleted although there is no certainty about shipments being made from here to take care of such business.

Little has been said about corn belt weather but with rising temperatures Friday and Saturday, we must begin to think a little of the need for moisture in some areas, despite the fact that there were fairly good snows during the winter.

Primary receipts of wheat were 704,000 bu compared with 780,000 bu last week, and 696,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 391,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 331,000 bu.

Broomhall gave wheat and flour shipments from the U. S. as 5.3 million bu during the week; the total since July 1st was 201 1/2 million bu compared with 154 1/4 million bu last season. The U S corn exports since October 1st amounted to 45 million bu vs 60 1/2 million bu a year ago. Soybean clearances from the same date have amounted to 39 1/4 million bu compared with 32 3/4 million bu last year.

Our May wheat today was strong; it was influenced by reports that further shipments had been made from Chicago, and we are told by an exporter in the East that while he did not know at what basis red wheat would be offered to Austria via the Gulf it was his thinking that the wheat might very well be worked by taking Chicago stocks and barging the grain down there. There was also a sharp upturn in Minneapolis, and their market recovered from recent weakness on news of short covering and better milling demand. We understand that some price concessions were made, but that as a result spring wheat mills shared in substantial flour business overnight. It was also reported that #2 red winter wheat sold at 17¢ over Chicago May, track Baltimore. However, our market was nervous, but all wheat futures closed higher. Country offerings of both corn and beans were very light, but those markets did not respond much to advances of the leading cereal. Corn was firm, while bean futures were somewhat mixed.

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CHICAGO, 4

April 11, 1955

In our Thursday's letter we stated that the weather forecast was not particularly optimistic but we cautioned that over an extended holiday there is always the chance that a map may change. Weather forecasting is not yet such a fine art that one can predict even with reasonable accuracy as far as 72 hours ahead; yet a good many people are attempting to predict what the weather may be thirty days hence, and one can only say that this is a mere outlook, or possibly a guess at best. In any case there was some very nice rain reported in southwestern areas. Kansas probably received the best moisture, with as much as .67 inches at Garden City, which is in the western part of the State, also 3/4 inch at Syracuse, and more than 1 1/2 inches at Ulysses. More rain seems to be in sight and the map is now unsettled so that we may have further showers over wide areas. Northwestern Oklahoma fared quite well, with precipitation ranging from 1/4 inch at Boise to more than an inch at Freedom.

This naturally influenced our market this morning although May wheat opened as much lower as did the deferred months, despite the fact that impoundings are still a factor and have created an artificial situation. The government has issued new figures on the amount of wheat placed under the support program. There is always a lag in their compilations, and because of the fact that so many agencies are involved, minor changes are still occurring and we have probably not seen the final results yet. In any case there was an additional 2 million bu wheat placed under loan during the past month, and as of March 15th, there was 427 million bu under loan, but redemptions by mid-March have amounted to 22 million bu, so that the net amount under government domination is 405 million bu. Last year the peak figures showed that 554 million bu was impounded, and this made no allowance for any redemptions. We believe that statistically there might be a very closely adjusted situation taking into account free supplies, but somehow or other whenever wheat is in the showcase it does not have quite the same influence as though our entire carryover were small, and apparently this is the explanation of the present market and the reason that wheat is still selling so far below loan levels.

In corn we find that there is nearly 158 million bu under the support program. This compares with 332 million bu at the same period a year ago, and a final figure of 469 million bu. Our exports of corn are rather disappointing, particularly when one considers the near-failure crop in Argentina. Supplies in that country are sharply below last season, with about 50 million bu less in various positions than a year ago. Only in three seasons: namely, 1950, 1951, and 1952 were supplies smaller than they are now. Last season exports totaled over 80 million bu, which was the largest since 1947-48. However, when we study exports in the prewar period (1935-39) exports had averaged as much as 237 million bu.

When the visible supply of wheat was posted there was a decrease of only 205,000 bu. Total stocks in all positions amount to 338.7 million bu, which is 62 million bu more than last year. The corn visible decreased 985,000 bu, leaving 38 million bu in all positions vs. 27 1/4 million last year. Oats decreased 689,000 bu and beans decreased 265,000 bu. Here in Chicago we had a local decrease in wheat of 432,000 bu leaving 7 1/2 million bu in store. Corn stocks increased to 10 million bu, with another 340,000 bu afloat. The stock of beans was cut to 456,000 bu.

Trade in wheat was rather quiet. There was some pressure during the session on new-crop futures on the possibility of afternoon scattered thunderstorms in Kansas and other parts of the Southwest. May wheat, however, finally became comparatively firm and it was reported that a barge was loading from this market apparently to go to a gulf port. A few more flour sales were reported over the extended weekend.

Corn was under pressure mostly from selling in the pit as there was no improve ment in country offerings. There was some local buying of oats and that cereal was comparatively strong. Beans were subjected to liquidation and a large processor sold May, which was the first they had sold in some time, although we did not hear of any important improvement in producer-sales. New-crop lows were made in rye.

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CHICAGO, 4 April 12, 1955

After the close of the market yesterday the government report was issued, and prospective winter wheat production was 662.2 million bu compared to the final crop last year of nearly 791 million bu. This, of course, is a sharp reduction but much of it is attributable to smaller acreages, and as a matter of fact, prospects were largely maintained or improved over much of the country other than in the South and dry Southwest. Many fields were protected by dormancy or by snow cover preceding the onset of severe cold. Precipitation in early April has improved conditions in part of this area, but appears too little and too late to avert total or near failure for a large acreage. As we study the report by states, we find that Kansas has a prospect of 151 million bu, or precisely the same as had been forecast last December. Nebraska shows a reduction of some 3 1/2 million bu, and is now rated at 70.6 million bu. Oklahoma has been cut to about 37 million, but the very bad state is Texas, which will probably raise less than 13 million bu compared with last year's crop of 30.8 million bu. There was some improvement in Missouri, Illinois, Indiana, Michigan, and Ohio, although in all instances these soft winter wheat states will raise less than last season, but this is due somewhat to acreage cuts.

The report actually had very little influence on our market and we had a lower opening. Possibly this was due to the fact that more attention was directed toward other matters which were considered of a bearish character. First of all, there are still nearly 115 million bu beans remaining on farms, which compares with only 37.3 million bu last year at this time. In every state the quantity is larger than last year, and again we are reminded that while the farmer is holding his beans rather tenaciously, quantities in processors' hands are small, and thus we have a question of distribution. Much will depend on whether the industries will take the initiative or whether farmers will sell more heavily after they have finished their spring work in the fields. The government also showed that there was 1,410 million bu corn remaining on farms compared with 1,473 million bu last year. In view of the fact that the crop was considerably smaller this season than the previous one, we must conclude that the disappearance has likewise been smaller. Thus we may not cut much into our carryover reserve.

There was considerable snowfall overnight in western Nebraska and some showers and thunderstorms over portions of Kansas, Oklahoma, and Texas. We also had light precipitation of a general nature over most of the corn belt area. The five-day outlook is for further moisture, but it may be confined more to the eastern sections of the Southwest. In any event the weather map is somewhat unsettled, and so there may be some improvement since the government figures were compiled. Last season this was the case and the crop turned out better than was indicated by the April estimates.

Primary receipts of wheat were 793,000 bu, which was practically the same as last week and compared with 1,223,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 365,000 bu.

There was very little enthusiasm to buy anything although corn and oats held fairly steady, but new seasonal lows were made for all rye futures, all bean futures, and all wheat futures, except the May delivery. Early in the session it was reported that a cargo of red wheat had been sold to Israel. In this connection, however, we learned later that the wheat was furnished from Eastern origins and the sale had been made via the Atlantic. The gossip was that the wheat had been sold on basis of 15 over Chicago May, FOB April shipment, and that part of the sale had been covered slightly cheaper, which apparently indicates that there is still some red wheat in the East, despite early talk of supplies having been depleted. Chicago stocks of contract wheat are 5.1 million bu, including 2.7 million bu of #1 and #2 red wheat.

A report from the Northwest said that field work had been limited during the past week owing to weather conditions. In some localities there is enough moisture in the ground to germinate the crop but it will take good rain soon to provide proper growing conditions. Flour demand was inactive and The Southwestern Miller stated that with few exceptions bakers are reasonably well booked through April on hard winters and many for some days beyond. Minneapolis advised that bids on CCC feed wheat for export were substantially in excess of the 2 million offered by CCC; therefore, CCC is offering additional amounts to satisfy unfilled bids at $1.15.

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CHICAGO, 4 April 13, 1955

About 7 million persons were at work on farms during the first week of April. In comparison with the year earlier there were 5% fewer family workers and 5% fewer hired workers. These decreases are probably accounted for by differences in weather conditions, but, nevertheless, some of the decline is a continuation of the long-time downward trend in the number of persons working on farms.

Wherever possible farmers have been busy plowing and planting spring crops. Corn planting has started as far north as northern South Carolina. Oats are being seeded in the southern part of the North Carolina region. Some plowing has been accomplished as far north as southern Michigan. In some places along the northern border ground is either frozen or just beginning to thaw out. Where field work was not possible farmers have been preparing for spring work; they were hauling manure, cleaning ditches, and overhauling machinery. In much of the western livestock area ranchers were busy with calving and lambing.

This is the proverbial time of year when we are blest with April showers, although historically May is more often a wetter month than April. The overnight rains were better than had been forecast. There was even some rain in the Texas Panhandle, which has been very dry although the Texas crop, which was estimated by the government at only 13 million bu can almost be written off. Probably the heaviest precipitation occurred in Kansas, with many points reporting over an inch of rainfall, but there was also good relief in Oklahoma and precipitation was fairly general, with some snows reported as far south as Dalhart, Texas.

This naturally had some influence on our market this morning, particularly as more showers are expected in central and eastern portions of the Southwest this afternoon and tonight with clearing weather probably setting in by Thursday. The corn belt which was becoming dry has also had a showery condition, with probably more to come today and Thursday, with temperatures a little lower.

Prices of new-crop futures have been declining for some time with new lows established, and naturally there is some hesitancy in selling at these levels with the possibility that the gross loan in Chicago will be about $2.42, and futures are far below that figure.

It was reported that Austria had purchased a cargo of two red wheat, shipment by May 15th. As near as we can tell the sale was made at a lower price than yesterday's basis out of the Atlantic. The first lake steamer of the current Great Lakes navigation season was reported to have cleared Chicago with 128,000 bu soybeans. The boat was destined for Toronto, Canada. In view of the fact that Chicago stocks are already very low, this naturally had some influence on the May future. It was also reported that Denmark had purchased 3,500 tons soybeans for May shipment.

Primary receipts of wheat amounted to 405,000 bu which compares with 466,000 bu last week and 547,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 482,000 bus.

Trade in wheat was of a very modest character. A little attention was paid to the sharp rise at Kansas City but that market is influenced by small transactions, and, therefore, the fluctuations are not meaningful. Our May wheat gained on the new-crop futures and what little free wheat remains in Chicago is pretty much in concentrated hands.

Flour business shows no sign of early pickup and current bookings are extremely light. However, bakers seem satisfied to wait it out and there is no particular encouragement at the moment to buy. Corn was quite strong. The country movement is small and the same is true of beans although we heard of some offerings from the country but sales on the whole were light. There was some local short-covering in beans and pit offerings were not heavy with the result that advances were scored and, of course, the market recently has been pretty well liquidated.

We understand that CCC has made an additional 4 million bu feed wheat available at Minneapolis to the trade for export at $1.15 per bu. The total during the last few days is 6 million bu.

Oats were very strong, probably in sympathy with corn.

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CHICAGO, 4

April 14, 1955

While the Federal Government continues to accumulate grains and foodstuffs on a heavy scale, it should also be considered that they are trying to place some of the accumulated commodities into distribution where they will do the most good. For example, there are about 11 million school children and over 1 million needy persons in charitable institutions who are recipients of various foods, which included butter, cheese, dry milk, cottonseed oil, shortening, beef and gravy, dry beans, rice, and several other commodities in smaller amounts. During the past nine months these persons received about one-third of the total distribution. The number of countries which also receive commodities from us increased from 41 to 53, and we have shipped abroad butter, cheese, and three or four other commodities, in addition to the gifts we have previously given with respect to wheat, beans, and other grains which have been piling up. During a period of nine months food donations alone have totaled 849 million lbs compared to total donations of 602 million lbs during the twelve months of the fiscal year ending June 30, 1954. Chiefly responsible for these gains was the new legislation enacted by the last Congress and the intensified efforts to make the best use of foods acquired under price support and surplus removal operations.

Before our market opened this morning we had reports of rain in the corn belt, but not a great deal in the Southwest except 1/4 inch moisture at Wichita and nearly 1/2 inch at Topeka. There were a few other minor amounts but weather elsewhere had cleared. The map, however, is still unsettled, and it looks entirely different from three, four, or five weeks ago. It seems quite likely that there will be further precipitation over the week-end and showers are expected again by Friday with somewhat warmer temperatures. There is also a forecast of some scattered showers tonight and Friday in the spring wheat areas, with mild temperatures, all of which should prove helpful. This prevented any early enthusiasm for the purchase of wheat, and in fact, even the government report on Monday was pretty much ignored owing to the fact that there must have been some crop improvement since the time that government data was compiled. Even the strength yesterday in corn and in oats failed to center much attention in wheat.

We learned this morning that 2 cargoes corn had been sold to Austria for shipment during the first half of May. All of this grain is presumably to come out of the free supply, but marketwise this did not have much influence and some of the hedges may have been previously covered.

Kansas City wheat futures which had been so strong yesterday opened on a rather firm tone, and there is no particular pressure from the country. In fact, the artificial effects of impoundings are still being felt more in outside markets than here in Chicago.

Primary receipts of wheat amounted to 726,000 bu which compared with 704,000 bu last week and 686,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 654,000 bu.

During the day there was some buying activity by local traders. Some of it may have been covering operations, but surprisingly enough, the market did not hold and there must also be some liquidation going on, although it has not been too apparent. The volume of flour sales is extremely slow, and according to The Southwestern Miller demand is practically at a halt. The same authority tellsus that this week is likely to establish a new low total for any week of the entire crop-year. There seems no inclination to build up balances so long as the nearby futures remain at a big premium over deferred.

There was at times strength also in the Kansas City May future but trade down there was very light and that market seems to be easily influenced by small orders. Best prices did not hold there either. There was final weakness in beans and while country purchases may have picked up a little, the volume is still not heavy but this must finally result in heavier liquidation by producers, which we think is apt to occur after spring work has been completed. We can hardly visualize that if another good crop is in prospect farmers will want to keep so many of their old beans on hand. The last figure showed that farm holdings were about 78 million bu greater than a year ago. Coarse grains, which had been very much in demand yesterday, were not traded as heavily, and there were some reactions, but by the same token there was no particular feature.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 April 15, 1955

Today is the last day for payment of income taxes. By midnight rich and poor alike will have fewer surplus funds. As Dean Russell pointed out this country could well use 100 or so new millionaires-- modern Edisons, Carnegies, Hills, Fords, and Wanamakers. We need men of vision who will build and produce not little men who wish to divide and equalize. It is becoming more and more difficult to accumulate wealth, and even when fortunes are built up it is more difficult to pass the money along to coming generations because of death penalties. A good many people claim that heirs who had no part in accumulating the wealth should not be permitted to keep it. If that be true, should any person be permitted to keep a gift from any other person? Before deciding such a vital question, should we not consider the basic facts? If, for example, the original Henry Ford had been told that he could not leave his money to his children or to anyone else he wished, might he still have become a millionaire? As an alternative, he might have produced only a few thousand cars instead of many millionsof them. He would probably have closed up shop when he made his first half million dollars. Why should anyone attempt to earn more if he cannot do with such funds as he wishes? This may be called a selfish viewpoint, but yet it is the philosophy that has made the American standard of living the envy of the world.

Before our market opened this morning, there was very little to guide it. Weather had cleared in the Southwest, and the map is not quite as favorable as it appeared yesterday. There may, however, be some fairly good moisture in Missouri over the week-end and other sections of the Southwest, (with the exception of Texas), may have rains in the eastern areas but not much in the west. There has been a scattered rain in the corn belt, although it is now fair and will become warmer Saturday. Spring wheat areas are due for scattered showers mixed with snow tonight and Saturday, mostly in the northern portions.

With a little accumulated selling this morning new-crop wheat futures went into new low ground, but there was no important pressure. Wheat and flour exports during the past week were somewhat smaller and amounted to only 2.7 million bu. Since July 1st, we have cleared 208 million bu compared with 157 1/2 million last year. Our corn shipments during the past week were nearly a million bu, and since October 1st we have exported 46 million bu, which is a reduction of 15 million bu, as compared with last season. Soybean shipments since the first of October are 39 1/2 million bu, nearly 7 million larger than a year ago.

While the quality of the last French crop had been somewhat hurt by weather conditions, quantities were good, as this reporter predicted last September on his visit to France. That country has exported thus far 38 1/2 million bu vs only 17 million bu a year ago.

Primary receipts of wheat amounted to 667,000 bu; no comparisons are possible since both last week and last year were holidays. Kansas City and Minneapolis stocks so far this week show a net increase of 759,000 bu. When the visible supply is posted on Monday it will compare with an increase last year of 929,000 bu.

Trade today was very dull again. The midday weather forecast foresaw the possibility of some dust blowing in Oklahoma, and this may be the forerunner of moisture, which is expected later, but in any event it did bring a little buying into the new-crop months. The mills are still complaining that flour demand is very slack, and daily volume is extremely unimportant. May wheat at one time showed a little less gimp as a local buyer of the previous day turned seller, but there were really no important developments. However, in the Northwest with low inventories and light cash receipts, premiums firmed up the past several days, and cash wheat this morning was 1 to 2¢ higher on basis. Of the 13 cars of wheat received in Chicago today, all were for Commodity, and apparently they are moving in some of the red wheat taken on default.

Beans were liquidated early and there was heavy selling by a House with Northwest connections, but offerings were pretty well absorbed, and a better undertone developed during the latter part of trade. Corn did better and country offerings were small but on bulges we look for some selling, and, therefore, doubt whether we can expect sustained strength.

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CHICAGO, 4 April 18, 1955

Far Eastern developments have not had very much influence on our markets lately, although this morning more attention was paid to Secretary Dulles' warning of growing offensive air power on China's mainland near Formosa. Apparently Mr. Dulles had flown down to Augusta to discuss with the President the grave implications. He declined to speculate on Red intentions, but said that the newest reports indicated that they had a higher degree of capability than we had been aware of a few weeks ago. Wheat and bean prices were higher at the opening, mainly for these reasons although the fact that it had been mostly dry over southwestern areas during the holiday may have had some little influence on prices. The forecast suggests that there will be rainy periods east of the Mississippi River, also in our Northwest, but moisture in the Southwest may be confined to eastern parts of Nebraska and eastern parts of Kansas without much further relief in central and western sections.

Last year we harvested in this country 337 million acres of land. In 1920, we harvested 347 million acres. The answer to these questions is that despite population increases by some 56% in 3 1/2 decades, and an improved diet for these growing numbers, we have been able to farm more efficiently by mechanical power, and that alone has released for other crops some 75 million acres which formerly produced feed for draft animals. We also reduced by about 20 million acres the cropland developed to producing for the export market. However, by far the most important factor has been our increased ability to produce more food and fiber per acre, per animal, and per man-hour. It is all to the good that we have been able to increase our capacity to produce if for no other reason than to take care of future developments. Secretary Benson, who spoke before agricultural students at Purdue University last week, pointed out that every 30 hours we add to our national population as many people as there are full-time students at Purdue. Every two weeks we add the equivalent of another South Bend, and every two months we add the equivalent of another Indianapolis. Every 20 months we add the equivalent of another Indiana. In terms of longer range we can reasonably expect that by 1975 there will be more than 200 million people in this country to feed. In other words, we may have 25% more consumers in this country within the next twenty years, and since there is a limit to the amount of land we can cultivate for the future, we must necessarily depend principally on future technological developments in order to provide an even better diet for such a rapidly growing nation.

Wheat farmers for the first time this coming season will have to meet minimum government sanitation requirements in order to get price support for their 1955 crop. This was announced by USDA. The recently resumed requirements by the Federal Food and Drug Administration will be enforced at the current level, whereas heretofore farmers did not have to comply with sanitation requirements to receive benefits. Generally speaking requirements are stricter than the ones of a few years back.

When the visible supply of wheat was posted there was a decrease of 422,000 bu in wheat, cutting the total to 338.3 million bu, an increase of 60.6 million over last year. Corn stocks decreased 979,000 bu, leaving 37 million in various markets against 24 million last season. Oat stocks decreased 660,000 bu and bean stocks declined 94,000 bu, leaving only 2.1 million bu in all visible points compared with 10.3 million bu last season. Chicago wheat stocks decreased 361,000 bu, leaving 7.1 million bu here. Corn stocks increased 148,000 bu to a total of 10.1 million bu, plus 340,000 bu which remains afloat. The oat stock was cut to 577,000 bu and bean stocks are down to 214,000 bu, which is certainly nothing for a large market.

As we mentioned earlier trade was at mostly higher levels and while corn was a bit hesitant at the start it also advanced while beans showed a rather sharp increase. May wheat became strong and there was some talk, which we had difficulty in confirming, that a local who had been carrying warehouse receipts here had sold out some of his holdings, which brings up the question as to whether more wheat will be ordered out of Chicago.

There was practically no flour business over the week-end and bakers are not displaying much interest but a good many of them are running on low balances although they may have enough to carry them into the first week of May. Virtually all the wheat in Chicago today was for Commodity Credit Corporation, and it may be coming here for storage or it may be going through in transit. Country offerings of corn are still light but so is demand. There were better receipts of beans here and we understand processors reduced their bids by as much as 2 to 3¢ per bu.

UHLMANN GRAIN CO.

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CHICAGO, 4

April 19, 1955

The following analogy is made by Mr. Kenneth W. Sollitt, who compares oysters and eagles: "The oyster is endowed with a ready-made house to live in. All he has to do is to open the doors of his house to take in his food and close them again to keep out his enemies. He has perfect social security. Yet he is the easiest fish in the world to catch, crush, and cook. He always ends up in the soup. So what does his vaunted security really amount to? The eagle, on the other hand, is peculiar among created things in another respect. When a severe storm strikes, all other birds either hide from the storm or try to fight it as long as their strength holds out. The eagle neither fights nor runs away. He simply sets his wings so the fury of the storm itself lifts him above the storm where the sun is shining, and there he remains, "free as a bird," until the storm is over. And only a fool would pity the eagle because he isn't an oyster. The road to freedom in America must begin with the decision as to what kind of freedom we want. Is it freedom from something, or freedom for something?"

Before our market opened this morning, it was definitely indicated that the Far Eastern news had improved, and the fact that talks are being resumed is naturally enlightening. Inasmuch as the scare with respect to Formosa had been one of the elements yesterday in bringing buying power to the market, it was only natural that we should have some reactions.

Showers have occurred the past twenty-four hours over spring wheat areas, and there was considerable snow in Montana and Alberta. There were also showers quite generally distributed over much of the corn belt area, while in the Southwest fair weather prevailed. It looks, however, as though a showery condition has set in and rains should also cover some southwestern areas. Showers and thunderstorms are likely tonight and Wednesday in those districts, although mainly in the north and eastern sections, with continued warm weather. The five-day forecast also indicates some precipitation, although not much for Oklahoma. In any event this is some improvement over yesterday's outlook.

The Chicago corn-hog ratio for the week ending April 16th was 11.7% compared with 11.9 the week before and 17.5 a year ago. Cash interests are finding that on moderate advances a little more corn is being offered from the country even at this time of year when a good many farmers are busy in the field. Moreover, there seems to be the constant liquidation on part of CCC which prevents much enthusiasm for the yellow cereal, especially on advances.

As far as beans are concerned, processors have been able to acquire a little more of this product although there have been no accumulations yet for Chicago, and it is still a rather moot question as to when farm selling will develop on a heavier scale. Certainly with about 77 million bu more beans remaining on farms than last year, it is not unreasonable to expect that there will be some change in sellers' attitude before next harvest.

Primary receipts of wheat amounted to a little over a million bu, which compared with 793,000 bu last week and 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 194,000 bu. The contract stocks of deliverable wheat in Chicago were reduced to 4.8 million bu, and in this total there is included 2,385,000 bu of No.1 and 2 red winter wheat.

Markets were rather quiet and there was no particular inspiration to trade. There appeared to be some improvement in spring wheat flour sales but prices were at such levels that it discouraged purchases for more distant needs. The business in hard winter flour was small but a slight pick-up was in evidence. Reports from our southwestern offices spoke of strong winds in some localities but very little or no dust. In southwestern Oklahoma and Texas it has become dry again and rains are needed to prevent further deterioration. May wheat was finally steady and maintained its big premium over later months.

There was no feature in corn except a reaction following yesterday's advance. Export demand is almost nil and even with light offerings from the country there was no particular support. Beans were also weaker after the short-covering of the day before.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 20, 1955

We have spoken often in our market letters about "freedom." To our forefathers it meant the right to risk capital in the hope of a return on their investments. It permitted almost unlimited expansion of their businesses, the right to let people cast their ballots in true Democratic fashion. Freedom has always been a very positive thing, and it demonstrated that we cannot multiply our wealth — by dividing it. Nor will it do any good to get rid of a few little monopolies by creating a big one in the form of government. It is a basic principle that the government cannot give except what it first has taken away. Moreover, it can never take away enough to supply the ever-increasing demands of those who are led to believe they are getting something for nothing when actually they are merely the beneficiaries of the government itself. In the final analysis we should dedicate ourselves to the principle that freedom is only for those who will accept the responsibilities that go along with it.

Before our market opened this morning there had been broadcasts over the radio that dust storms were prevalent in parts of central and western Kansas, and apparently high winds are carrying some of this dust from distances as far as — Colorado. There had been some rain also but it was confined mainly to eastern portions of Kansas and Oklahoma, and practically nothing in western sections of the Southwest. There was, however, some heavy rainfall over the greater portions of the corn belt, and fairly good rainfall was also reported over northwestern areas. Temperatures are mild for this season and much above the normal so far this month. It will probably be fair and windy tonight and Thursday in the Southwest except possibly a few showers in eastern Oklahoma tonight but continued warm.

In view of this situation there was some buying during the early part of the session, and our market opened quite firm. Winnipeg prices had rallied late in the session yesterday on the possibility that the strike at the lakehead would be settled. This surmise was correct, and we heard soon after the opening this morning that differences had been reconciled. However, it had very little effect upon prices here and no-one had regarded the possibility of a long delay with respect to shipments from Fort William and Port Arthur.

Crop news from the Northwest is about normal for this time of year. Field work is now general and seeding operations are progressing at an average rate in most sections. Some fields are as far along as 70% completed. We heard from Minneapolis that CCC was offering 2 million bu oats under GR-212. This was for No. 2 extra white oats or better, and a million will come from Duluth and a million from Minneapolis. It was also reported that Israel had received $300,000 late yesterday for the purchase of soybeans.

Primary receipts of wheat amounted to 1,236,000 bu compared with 405,000 bu last week and 543,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 304,000 bu. Primary receipts of beans were a little heavier today and amounted to 142,000 bu against 87,000 bu each last week and last year.

Our market was extremely quiet and probably even less active than yesterday when total volume of all grains was only 38 million bu. There were not many new incentives except that some feel that the final outturn of winter wheat might be smaller than the last government report. On the other hand crop news from Europe was generally satisfactory. Broomhall's summary spoke of mostly favorable weather for planting spring grains and most sections have adequate supplies of moisture although additional rains might be welcome. The alternate frosts and thaws late in the winter and early spring had no serious effect. In France clear, sunny weather prevails and is aiding spring work and planting. The general outlook for wheat and other grains is promising. Seeding is now active in Western Germany after a slow start. However, winter grains are satisfactory and moisture supplies are good. Good crop prospects prevail in Italy and an increased crop of hybrid corn is anticipated.

May wheat lost a little ground on the deferred months but there were no important spreading orders that we could see. Flour sales were still in small volume but we heard that a comparatively small quantity of red wheat was sold out of Chicago to a mill. Corn prices were lower early but the close was firmer. At times there was selling in beans but the latter market rallied and country offerings continue to be light.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 21, 1955

Agriculture has advanced more during the past century than in thousands of years before. We have made greater progress in the past twenty years than in the preceding century. Secretary Benson in a recent talk said that he felt the "forward march" of the next ten years will carry us farther than we have come in the past twenty years. At the same time it should be noted that through technological development farming operations are going more and more into concentrated hands. We have taken pride in the fact that the average farm worker in this country provides for himself and eighteen other persons in the food line. This has been hailed as one of the great accomplishments, particularly in comparison with the developments in other countries. However, when we speak in terms of averages only part of the story is told. According to the 1950 census a little more than 2 million farms produced nearly 90% of the gross value of farm products sold. In other words, these 2 million farms are the major agricultural foundation upon which our entire economy rests. The primary source of food and fiber which our 164 million people must have to live and work is dependent upon these reduced number of farms. If we could have statistics prepared of these large farms leaving out the smaller ones, we would undoubtedly find that they provide for themselves and a good many more than eighteen persons. Those figures are not readily available.

The efficiency in feeding ratios continues to make great progress. The over-all picture shows that hogs gain about a pound of weight for every 4 pounds of feed, but some hogs are gaining a pound of weight for as little as 2.8 pounds of feed. The time may come when the national average will reach as much as a pound of gain for every 3 pounds of feed, and many scientists are sure that a goal of this kind is attainable. Surely our future food supply depends upon the intelligence with which we use our productive sources.

Before our market opened this morning weather reports from the Southwest showed virtually no rain overnight, and temperature changes have been unimportant, with rather warm weather continuing. The forecast is not very optimistic because at this time of year crops need rain, particularly so in areas where there has been subsoil deficiency. There may be a little relief in southwestern Oklahoma, but even that appears to be doubtful. There have been a few scattered showers in spring wheat areas, and over some portions of the corn belt east of the Mississippi River.

When our market opened this morning prices were firm but there was not much trade. A late report told of Israel buying a cargo of two hard winter wheat and a cargo of milo, while the U. K. had bought some parcels of low grade spring wheat overnight, and again paying better prices for corn either afloat or about to arrive. There was also a report that Denmark had purchased 4,500 tons beans for October shipment. Otherwise there was very little grain news during the early part of the session.

Primary receipts of wheat were just a shade over the million-bu mark, which compared with 726,000 bu last week and 570,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 254,000 bu.

Our grain markets were mostly higher but for various causes. In wheat the prospect of dry weather conditions for the next few days brought in some buying, despite the fact that flour demand was still very slow. There may have been some slight improvement for the reason that some buyers are being forced to replenish stocks but new orders were small. In any case pressure was light and moderate purchases gave us a firm close.

Beans were stronger on short-covering although country offerings have increased. However, it has been our experience lately that farmers sell only on the advances and some traders are a little more friendly to the market feeling that setbacks would again cause indifference on part of producers and that it will have to take some stability to bring out a sustained movement from first hands.

There was hardly any pressure in the oat market, which made the line of least resistance on the constructive side of the market, while corn held steady. We find that the country movement is still small, but unfortunately there is not much demand for the accumulated stocks in various markets. Some elevators have repossessed some oftheir corn holdings and seem to prefer having their own receipts before we come into the warm summer months. On the whole trade was rather quiet even though a better undertone prevailed throughout the list.

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CHICAGO, 4

April 22, 1955

We spoke earlier this week about freedom, which had always been regarded as something very positive. Unfortunately, a negative attitude has crept into the thinking of some of our leaders. We have heard a great deal about the freedom from taking risks and making our own choices and decisions. This negative attitude toward freedom exhibits itself in the very expressions we use. Instead of boasting about the freedom for life, liberty, and the pursuit of happiness, we now speak of the freedom from want, freedom from worry, and there is even an attitude that there should be a freedom from work. Thus our new immoral freedom to take by law that which belongs to another has destroyed the old freedom to enjoy unmolested the fruits of our ingenuity and toil. The time has come when we must decide which kind of freedom we want in the years ahead. Do we really desire that type of freedom which belongs to parasites, or is it the freedom of noble men who are willing to stand on their own merit and fight for the principles of free enterprise? Until recently we thought that the system of piracy had been outlawed, and that we should rather encourage the freedom of honest persons. Should the latter be our accepted theory, we must resist all tendencies toward further socialization, for socialism is nothing more than piracy. Socialism is robbing the man who earns for the benefit of one who does not. Actually it is in every sense a system of survival of the sickest because it robs the ambitious of their initiative and keeps people who never had any initiative from developing any.

There is some chance for a little moisture in eastern Oklahoma and eastern Kansas but nothing important is forecast in the five-day weather outlook and apparently only a minor amount of precipitation, if any, is expected for the west.

It was stated in trade circles that Austria had postponed buying of soft wheat for a week, and there was some doubt as to whether German purchases would take place in the next few days. There were reports that Japan would buy 5 cargoes of white wheat in the North Pacific area.

After the close of the market today there will be a government report giving stocks of grains in all positions. The soybean and flaxseed report will not be issued, however, until April 28th. The BAE forecasts that the wheat carryover on June 30th of this year will amount to about a billion bushels, which would be a record for all time. However, they also point out that with a prospective winter wheat crop of 662 million bu and a possible spring wheat crop of 177 million bu, total production may amount to only about 839 million bu. It is quite likely that total disappearance next season will amount to about 900 million bu. Thus we shall probably cut into our reserves next season and have a somewhat smaller carryover on July 1, 1956.

May wheat was again comparatively firm right after the opening and there were reports that some two red winter wheat had been sold at 4 1/2 over Chicago May, FOB barge.

Primary receipts of wheat amounted to 890,000 bu which compared with 667,000 bu last week and 686,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1.4 million bu, but the large increase in Minneapolis was due to Cargill's elevator "C" being made regular where previously it was a private house. The wheat visible when it is posted on Monday will compare with a shrinkage last year of 772,000 bu.

Demand for flour continues poor and if anything has fallen off a little toward the week-end. Both bakers and jobbers are extremely reluctant about re-entering the market at prevailing levels. We heard after mid-session from Vancouver that Japan had taken 3 cargoes of Manitobas.

Trade was again extremely moderate, and despite some evening-up before the week-end the total volume may be smaller than yesterday when 43 million bu was handled in all pits. Some recoveries took place after early weakness in beans but buying was not very pronounced, and the trade has learned that on bulges country offerings have picked up. In fact, processors are backing away from some cash offerings in beans and apparently the demands are small owing to the fact that the May future and cash prices are at big premiums over the deferred months. Wheat rallied from the extreme low but there was no real issue all during the session. Not too much attention was paid to the dry map. Late in the session we heard that 175,000 bu #2 red wheat was coming here from Toledo by lake. May wheat is already selling at such a big premium over new crop that it would be very difficult for us to try to substantiate the price unless there were almost a complete exhaustion of supplies.

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CHICAGO, 4

April 25, 1955

After the close of the market on Friday, the government published figures showing stocks of grain in all positions. There was no data given for beans or flaxseed as this will come later. However, wheat stocks of 1,212 million bu in various positions April 1, 1955 are the largest for that date since computations were made in 1935. The increase over last year was about 7%. Off-farm stocks of over a billion bu were one-fifth larger than a year earlier, and a record total for that date. However, about nine-tenths was either owned by CCC or was warehouse-stored under government commodity loans. Stocks of wheat on farms, which amounted to about 208 million bu, were nearly one-third less than the record total a year earlier and were the smallest April 1st stock since 1952. We figure that there is about 100 million bu free wheat in positions off the farm and about 83 million bu free wheat on the farms. To give an example of how much grain is actually under government control CCC has nearly 123 million bu wheat which was a record total abroad ships in the "mothball" fleet and in transit to ports. The rye report was quite bearish and indicated nearly 20 million bu in various positions on April 1st, which was the largest quantity since 1944. Corn stocks of 2,115 million bu reached a new high, and for that date were about 6% larger than for the previous record a year ago. Considering a smaller crop this would clearly indicate that the disappearance has been small unless it is proved later that last summer's crop had been underestimated.

Oat stocks of 621 million bu were over one-fourth larger than a year ago and were almost up to the record for April 1st in 1946. Barley stocks of nearly 207 million bu in various positions were the largest of record and were two-thirds larger than the holdings on April 1st last year. Unfortunately, we do not have the full data for sorghum grains but the stocks are shown for only off-farm positions. That figure of 120.6 million bu is the largest of record and more than three times the holdings in these positions last year. There was only 90,000 bu stored in CCC bins.

Overnight weather had not been too satisfactory although some rain occurred in Kansas City, Topeka, Kansas, and in Omaha. Central and western sections of Kansas and Oklahoma were dry, and the forecast is not encouraging. According to USDA the freezes which occurred in late March caused serious setbacks to crop progress and further damage was sustained to winter wheat in the dry western part of the Southern Great Plains. These losses, serious as they are to the areas concerned, do not yet portend shortage in total seasonal crop production. The government does point out, however, that progress had been generally behind the early April stages of the last three years, and crops generally were behind average in many localities.

The spring grazing season got off to a slow start. Pasture feed conditions for the country as a whole average 75% of normal, the lowest for that date in fifteen years except for last year when condition was 73%. Cold weather, dry winds, and some freeze damage contributed to the low condition. Western pasture and range conditions are at a twenty-year low.

Primary receipts of wheat today totaled 2,511,000 bu vs 1,483,000 bu a week ago and 1,730,000 bu the comparable day of last year. When the visible stocks were posted wheat showed a very slight decrease, leaving a balance of 338 million bu, or about 61 million bu more than a year ago. Chicago stocks of wheat decreased 183,000 bu, leaving a balance in this market of 6,960,000 bu. Stocks of corn in Chicago elevators increased 73,000 bu but decreased 340,000 bu afloat. There was a decrease in beans, leaving stocks of only 160,000 bu in this market.

The Southwestern Miller reports that flour sales over the week-end were very quiet, with little being booked beyond replacement lots by bakers who had exhausted contracts although there are bakers who will soon be out of all hard winter wheat bookings and can be expected to pursue a more aggressive course at least on small-lot coverage.

Not a great deal of grain news to affect our market. Late cables indicate that Germany will commence buying tomorrow 150,000 tons US No.2 hard wheat and 15,000 tons Manitobas. Firm offerings are going to Formosa tonight on 500,000 bu US Pacific Coast wheat. Russell's report that the Japanese Food Board has arrived at a plan to import 240,000 tons soybeans during the first half of the fiscal 1955 year. With the spring famine in Communist China and rationing of vegetable oils, the same source thinks there is little prospect of Chinese soybean exports in the immediate future. Receipts of beans in the Northwest were rather beavy: namely, 72 cars, which resulted in a decline of 2¢ in the cash payment basis.

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CHICAGO, 4 April 26, 1955

The proposed amendments to compensate Chicago Board of Trade commissions were defeated by 79 votes. We make no pretense at concealing our disappointment because we realize that nothing in life is lasting unless the issues are mutually equitable and profitable. Everyone must concede that either commission rates were excessive in 1941, or else they are too low today. We do not delude ourselves into thinking that overhead costs have escaped inflationary forces. This being the case, it must be obvious that unless adjustments occur sooner or later, the over-all service which has been rendered to the grain trade will suffer. In the meantime, it has become increasingly difficult to attract new young blood into the business. The wire houses, almost without exception, after months of careful study had recommended changes which they believed would be constructive. They failed, however, to receive the support of those who were apparently less familiar with meeting payroll costs.

Before our market opened we had the five-day weather forecast, which was not very encouraging for any relief in the dry areas of Texas, Oklahoma, or Kansas. There are some scattered showers expected in the Northwest, but unfortunately the central and western sections of Oklahoma and Kansas are still complaining. According to one authority the amount of wheat on storage in Kansas is at a record high of 256.8 million bu. This includes the quantities both on farms and in commercial facilities, and compares with nearly 207 million bu on the same date a year ago. However, the bulk of it is under government control; therefore, this does not have much market influence.

The strength in Kansas City May wheat yesterday seems to have been the cause of some further sales of red wheat from Chicago to that area. However, the price basis is lower than previously as sales seem to net the seller about 1¢ over Chicago May in store. Furthermore, the seller is apparently willing to provide favorable billing, which may be somewhat costly as in the past these penalties have amounted in some cases to 3¢ per bu. According to the Peavey Report covering their area field work in the Northwest and spring seeding have made generally favorable progress during the past two weeks. Nearly all the wheat and durum and 60 to 75% of the oats and barley have been seeded as far North as Central North Dakota.

We had some export business reported to us overnight. Japan had bought a cargo of U. S. spring wheat and 4 cargoes Australian wheat. The U. K. also purchased some parcels of low-grade spring wheat.

On basis of figures thus far at hand it appears that farmers realized net income in the first quarter of 1955 was at an annual rate of approximately $11.9 billion. This would be only slightly below the total $12 billion estimated for 1954 as a whole. It should be pointed out, however, that with further acreage restrictions on cotton and wheat this year, also a moderately lower price-support level for the 1955 wheat crop, and considerably lower prices for hogs now than in the first half of 1954, we may not be able to keep up the present scale. Cash receipts from the items just mentioned are very important in total results. On the other hand cash receipts for most farm products except cotton, wheat, and hogs should hold fairly close to last year's levels.

Primary receipts of wheat amounted to 1,684,000 bu, which compared with about a million bu last week and 1.4 million bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 4,000 bu. Contract stocks of wheat in Chicago declined to 4 3/4 million bu, and of this amount 2.1 million bu consists of No. 1 and 2 red winter wheat. We heard that a pretty good price was paid in the country by a trader for some red wheat to come to Chicago, and after this trade was consummated the price apparently was reduced. It is rather difficult to figure out what significance this has.

In any event we had some liquidation in May wheat today and the market was very poorly supported. The same was true in Kansas City and we heard from there that there was no special news to cause the break except that shorts had covered yesterday and that somelongs tried to get out this morning. Their May wheat on one occasion broke 1 1/2¢ between transactions. This naturally had some influence on our market. Flour business was relatively small overnight.

There was also selling of May corn in the pit and we understand that a Chicago elevator interest repossessed some warehouse receipts and that the quantity involved was substantial. May beans were relatively weak and there was some selling by a processor account. However, that future has been very strong lately due to the light supply in Chicago.

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CHICAGO, 4

April 27, 1955

The President of the American Farm Bureau Federation stated yesterday that his organization advocated variable price supports. He pointed out that the dairy industry was convincing evidence that the price system does work. In other words, consumer buying responds to price and so does farm production. It is somewhat of a paradox that certain politicians are still trying to push for the 90% rigid supports. The flexible method has been part ofa bi-partisan farm program for years The variable method has been endorsed at one time or another by every Secretary of Agriculture for the past twenty years and by every major farm organization. They were advocated in the platforms of both major parties during 1948 and by the occupant of the White House at that time. The effective date of the flexible program was repeatedly postponed, however; the last time until 1955. This year we are finally scheduled to employ the flexible price-support provisions, which almost everybody once agreed/were essential to the effective operation of a long-range peacetime agricultural program.

For 1955 the national wheat acreage allotment has been reduced to 55 million acres, the minimum provided by law. Had we not had such a minimum restriction imposed, the farmer would have been much worse off. In view of the record supplies of wheat on hand for this year, the formula in the law would call for a national allotment of only about 19 million acres. Of course, nobody can tell yet how the crops will turn out, particularly in view of dry weather in many parts of the Southwest, but according to the last government estimates even after the sharp acreage reduction, we could still produce almost as much wheat as we are now moving into domestic consumption and foreign markets during the year. After all, many of the exports to foreign countries are made possible only by active programs with the aid of U. S. assistance. Such sales abroad will involve subsidies of at least $ 175 million for the current crop-year.

Before our market opened this morning there was a news item of considerable importance. According to the Chicago Office of Commodity Stabilization Service, the direct sales and exchanges recently made for red wheat in the Chicago area against a swap of similar quantities in the east had amounted to about 350,000 bu. This caused comparative weakness again in the nearby delivery, and at this time of the month it is only natural for May liquidation to take place.

There had not been much change in the weather map although it is slightly improved, and there may be some rain in eastern parts of Oklahoma and Kansas, but apparently not much, if any, in the central and western sections.

European crop conditions have continued favorable for planting and rapid progress was made during the past two weeks, according to Broomhall. In a number of areas work is backward but much of the arrears has been overtaken. There are few complaints of winter grains. Rains in Italy benefited crops and the outlook is excellent. Dry, sunny weather in France is favoring development of crops and the seeding of spring grain. A very large wheat harvest may be realized.

Primary receipts of wheat were a little over a million bu, which compared with 1.2 million bu last week and about 700,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 11,000 bu.

Trade was not particularly heavy as the issues in wheat are still not distinctly outlined. At about mid-session a Chicago CCC office spokesman said that for at least the present there would be no further exchanges of government red wheat in this area on a swap basis for red wheat in eastern positions. This had a little influence on the market, probably causing some short-covering. The spread, however, closed at a difference of 14 1/2¢ per bu between May and July. Crop news from some growing areas is not good and we are getting complaints from Oklahoma and parts of Kansas. In Texas the outlook had already been so poor that even beneficial rains now could not bring about much improvement.

Milling demand was extremely small although a little business was attracted by a downturn of 10¢ per cwt in hard winter flour costs.

There was some selling of May beans against the purchase of July and also some liquidation but with rather large amounts of beans in the loan, which may be defaulted, there seems to be some hesitancy on part of those who would otherwise be bearish. The farmer will not be penalized as in wheat if he fails to redeem beans to sell them at a higher market level. Corn was inclined toward weakness but there was no real pressure on the market.

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CHICAGO, 4 April 28, 1955

Field work and seeding operations are pretty well advanced in the Northwest but it should be borne in mind that if growers carry out their planting intentions as of March 1st we shall have the smallest seedings of record with respect to the spring wheat crop. Indications point to only 14 million acres seeded this year, which is one-eighth smaller than the year before and slightly less than the previous low of 14.1 million acres in 1942. The ten-year average for all spring wheat is 20.5 million acres. Total plantings, including winter wheat, should amount to 57.4 million acres, which is a decline of about 4.6 million acres from last season but is 21.4 million acres less than the acreage planted for winter and spring wheat crops in 1953, which was the last year in which acreage allotments or marketing quotas were not in effect. This total of 57.4 million acres would not necessarily be in excess of the 55 million acreage allotment because under the government formula allotments this year are on basis of wheat harvested as grain. It now appears likely that the carryover on July 1st will amount to a billion bu but the largest part of this will constitute wheat under government control. It is figured that the disappearance as food will amount to 485 million bu, feed at 75 million bu, and seed at 65 million. Thus our total domestic disappearance appears to be no larger than 625 million bu. Taking into account exports of 250 million bu, the government comes to the conclusion that the billion-bushel carryover will be reached and would be the largest ever attained. The official estimate, however, will not be published until July 22nd.

While we are cutting acreages at home the same is not true in Europe. Winter wheat accounts for about 90% of the total plantings and reports to-date indicate that winter kill was average or less, despite extreme variations in temperature. More specifically, the acreage of winter wheat in France is one of the largest of recent years, although it will not quite come up to the plantings of last season. The outlook is satisfactory and prospects indicate that an above average production will be harvested. Prospects are also favorable in Italy. Good weather favored fall seeding and the total acreage is believed to be larger than in 1954. Increased use of fertilizer and selected seed also contributes to the favorable outlook.

The quantity of wheat available for export or carryover in the four principal exporting countries as of April 1st had been estimated at 1,907 million bu, which is practically the same as the record for that date a year earlier. All in all, it looks as though no shortages would occur but domestically the question of distribution is still very important. Prices for the 1955 wheat crop will be supported at 82 1/2% of the parity price to be set at the beginning of the 1955-56 marketing year, but not less than a national average of $2.06 per bu as announced as far back as September 15, 1954. The national average for the 1954 crop was $2.24, at which time computation was made at 90% of parity.

We remember so vividly the events of 1922 for in that year the entire wheat carryover in this country was down to 96 million bu, and a good many people thought that because of small supplies May wheat would expire at a tremendous premium over July. At about the same season of the year as at present: namely, end of April, May wheat ruled 16¢ over July, and Arthur Cutten, one of the large traders of his time, was reported heavily involved in the market. He also had a good many followers. The one mistake that he made was that he did not realize that at that premium bins would be swept and that few people wanted to carry old wheat over into the next crop at a loss. As a result of the wheat that came to Chicago and the subsequent liquidation on May 31st of that year, May wheat expired at a discount of 2¢ under July.

Primary receipts of wheat were a little larger at nearly 1 1/2 million bu compared with about a million bu both last week and last year. Kansas City and Minneapolis stocks so far this week are a standoff.

There was nothing very bearish with respect to crop prospects Southwest and both in Kansas and Oklahoma reports speak of drought and wind damage, and we feel certain that there has been some deterioration. The late map did not indicate relief. On the other hand milling demand was slow and there seemed to be no particular support with the result that early rallies failed to hold. The President's statement that the outlook for peace had brightened had very little influence on grains.

The government report on stocks of soybeans in all positions scheduled for issuance this afternoon had been delayed until tomorrow. Beans were somewhat lower but for a large part of the session there was no particular feature. Corn was barely steady and it remains to be seen whether there will be many tenders on May contract when the figures come out tomorrow. UHLMANN GRAIN CO.

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CHICAGO, 4

April 29, 1955

No one ever thinks of Abraham Lincoln as a person who had been very much interested in agricultural problems. Yet in a speech which he made in Milwaukee on September 30, 1859, he said: "My first suggestion is an inquiry into the effects of greater thoroughness in all the departments of agriculture than now prevails. I believe the soil has never been pushed up to one-half of its capacity. Population must increase rapidly, and ere long the most valuable of all arts will be the art of deriving a comfortable subsistence from the smallest area of soil." Some people may wonder at a time like this when great agricultural surpluses have been accumulated, whether we have spent too much time on education and research, as even now we are planning expansion as never before in the hope of raising our goals in order to provide for posterity. We cannot, however, lose sight of the fact that our population continuesto increase by leaps and bounds. The large population meter in the Department of Commerce Building at Washington shows that we are not far from the 165 million mark, and population is increasing at the rate of more than 7,000 persons in every twenty-four hours. Those who project the chart have reason to believe that within the next twenty years we may have 25% more people in this country than at present. In other words, by 1975, there may be 207 million persons in this country who have to be clothed and fed. Thus the problem of agriculture is like a two-edged sword. We realize what these future needs mean to the country, and that the biggest and most important factor is our ability to produce more food and fiber per acre, per animal, and per manhour.

We are coming close to the end of the road so far as our ability to increase the available land for agricultural purposes. It is true we could, if necessary, produce enough to feed a population several times as large as now but to do that we would have to change to a predominantly cereal diet as is the case in most of the Asiatic countries, rather than to enjoy a predominantly livestock diet to which our population has become accustomed. Every effort is being made to continue producing a diet high in milk and animal proteins because that is what our people have indicated they need and actually want. For the time being it is quite a different story, and we are striving to rid ourselves of the tremendous burden of accumulated stocks. Through special merchandising campaigns, trade missions, and export services, and through aggressive marketing in general we are aiming to rebuild lost markets and discover new outlets for the products of our farms.

Before our market opened this morning, weather reports from the Southwest were not too optimistic. It had been dry overnight but the five-day weather outlook is somewhat more favorable, and there may be some precipitation ahead, but it will probably be heavier in eastern sections of Oklahoma and Kansas than in central and western areas.

We also had the Census report which showed that March crushings of soybeans amounted to about 19 1/2 million bu. This was slightly larger than a year ago for the same month, but it was construed slightly bearish as some people had looked for a larger figure. Stocks of beans held by processors are only 17 1/2 million bu whereas a year ago there were 52 1/4 million bu beans on hand. After the close of the market tonight, we shall have a report showing stocks in all positions, and the trade is awaiting this delayed information, which had been previously scheduled for publication yesterday.

Primary receipts of wheat were nearly 1 1/2 million bu, which compared with 890,000 bu last week and 839,000 bu last year. Kansas City and Minneapolis stocks of wheat so far this week show a net decrease of 22,000 bu. Primary receipts of beans were 158,000 bu vs 188,000 bu last week and 61,000 bu last year. When the visible supply of wheat is posted on Monday it will compare with a decrease of 2.1 million bu a year ago.

Markets were very quiet in the early part of the session, no tenders of grain had been made on May contracts, but we know that a fair amount of corn is being put out. There was some hedge-shifting, with liquidation of May corn many of the elevators seemed willing to go to July or September futures. Flour business was again on the light side and commercial demand generally was slow, but Kansas City May wheat, which is easily affected by the smallest type of transaction, strengthened and this had some influence on May wheat in Chicago, which gained over later months. The midday weather forecast was not particularly good but the market did not pay much attention to the small amount of precipitation which apparently is forecast.

We heard that 300,000 bu of rye would be tendered.

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CHICAGO, 4 May 2, 1955

The National Food Situation presents an optimistic picture to consumers with one or two minor exceptions. Supplies of fresh fruit have been cut by the severe freeze damage to early-season fruits during March and the beginning of April, and a smaller supply of fresh vegetables is expected to be available this spring in comparison with last year, with probably somewhat higher prices. On the other hand stocks of potatoes should be just as large as the year before, provided growing conditions are normal. Supplies of grains now on hand indicate a continued abundance for processing into cereals and bakery products, and even large supplies for feed. All this despite acreage reductions. On April 1st, we had 1,212 million bu wheat in various positions one-fourth again more than we need for domestic use and export in a year. Very large stocks of rice remain in this country from last year's record crop, and exports have not been nearly as large as were expected. Beef supplies should be plentiful and some increase in the amount of better-grade beef is in view because of the larger number of cattle now being fed in the corn belt. Consumption of food in general is at a high level, with a large part of our population profitably employed, but also contributing to food disappearance is the fact that about one-third of the country's school children are participating in the National School Lunch Program this year. About $66 million worth of surplus foods will be contributed to school lunches. Also, the spring school milk program provides additional assistance to encourage greater milk consumption.

Before our market opened this morning there had been reports of moisture in a few places. Gage, Oklahoma had nearly 3/4 inch rain, and there were a few scattered light showers in Kansas. Later on Amarillo, Texas reported as much as 2 1/2 inches moisture at Vega and nearly 1 inch at Hereford, Texas. There were varying amounts in other nearby districts, with the possibility of some further showers later today or tonight. The weather map is somewhat unsettled and there may be some rains in eastern parts of Kansas and Oklahoma, but not too much in the sections farther west.

After the close of the market on Friday, we had a government report showing stocks of beans in various positions. The total of 177 million bu is 60 million more than was on hand last year at the same time. This was no great surprise to the trade although a previous discrepancy between stocks at the beginning of the season and the known disappearance has now been cleared up. Other news was not of a particularly important nature. Parity prices were published for April and there was a reduction of 1¢ per bu for both corn and wheat. Making comparisons with the year before, we find that corn parity is identical at $1.82 per bu and wheat is only 1¢ higher than last year, now being $2.51 per bu. The price of most cost-of-living commodities were steady to slightly lower during April than at mid-March. Soap prices were the one exception.

Rye continues to be influenced by the large stocks of nearly 20 million bu still on hand. Disappearance during the first nine months totaled 22.2 million bu. Most of the increase over a year ago was due to larger exports amounting to 3 million bu against almost nothing last season. Imports of rye are restricted and we brought in only 3.4 million bu mostly from Canada so far this season compared with 13 million bu during the first nine months of the 1953-54 season.

When the visible supply of wheat was posted there was a decrease of 1.3 million bu, cutting total stocks to about 337 million bu, but still there is 62 1/4 million bu more on hand than last year. The corn visible decreased nearly 2 million bu, leaving 32 million bu in various markets vs 19 3/4 million last season. Oats decreased 568,000 bu, but the stock of 14.8 million bu is about 11 million bu larger than a year ago. Beans showed a small decrease, but in all visible points there are only 1.8 million bu compared with 8.7 million bu a year ago. In Chicago there was a small increase in wheat, and this gives us a stock of 7 million bu. Beans decreased slightly, but yet there is only 194,000 bu here. There were small decreases in other grains.

Trade was not particularly heavy, but the wheat market was weak, influenced by a slightly better weather condition, and the mid-day report indicated more rain for Oklahoma. It has been terribly dry down in that territory, and the crop is undoubtedly going backward, particularly with the high temperatures. Beans held pretty well, and there was a fair amount of local trade but not too much commission house interest. Corn reacted slightly, and there were some re-tenders again today.

It is too early yet to say whether any shipments will be made out of this market.

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CHICAGO, 4 May 3, 1955

Secretary Benson pointed out that with the additional defaults in wheat which have taken place, starting June 1st the storage charges for food, feed, and fiber under the government support program would amount to a million dollars a day. This he feared might finally cause resentment on part of the city folk, who are meeting the ever-mounting storage charges to take care of the program. Mr. Benson pointed out that farmers represent only 13% of the American population. Under his calculation storage would amount to about $42,000 per hour, which is quite an item, but in addition to that ownership involves certain other risks, particularly as wheat is a perishable commodity, and we are already hearing possibilities that farm-stored wheat, especially in eastern Kansas and eastern Nebraska may have developed some weevil, and while there have been no actual reports of deterioration, it is nevertheless a fact that wheat must pass the test of the Pure Food and Drug Act. Thus there could be further losses, not to speak of those which would be incurred if grain and other commodities were finally sold at lower prices for export.

Before our market opened this morning there had been reports of nice rains in Kansas. Some of these were unexpected, particularly at Dodge City, Kansas, which is in the southwestern part of the State, and there they had over 3/4 inch rain, as well as 1/3 inch at Great Bend. The map is still somewhat unsettled, and according to the five-day weather outlook, there may be some additional relief, although the heaviest amounts will probably fall in eastern sections of Oklahoma and Kansas, with lesser amounts in the west. In any case it is encouraging to have rains as the ground is dry, and temperatures have been somewhat higher than normal for this time of year. There were also some showers reported in Western Canada, and it is likely that there will be thunderstorms in our own Northwest this afternoon and tonight, clearing by Wednesday. We may also have some showersand thunderstorms in the corn belt west of the Mississippi River by nightfall.

European crop advices during the past week have stressed the favorable progress made by crops in most countries. According to Broomhall, from whom this information comes, there is the possibility of very large crops this year in France and Italy. Where there have been fall planting deficiencies this may be made up by the seeding of spring grains. Turkey has not been supplied plentifully with moisture but a large acreage has been planted to wheat, and with adequate rain this month the trade is talking of the prospect of one million tons surplus for export in that country during the coming season. All this, of course, adds up to a less promising export outlook for the major exporting nations, although admittedly crops on the Continent are still a long way from being made. India continues to report very good yields of wheat, with quality good and a record outturn may be realized.

Primary receipts of wheat amounted to 1,775,000 bu, which was slightly larger than last week, and about the same as last year. Primary receipts of beans were 194,000 bu compared with 240,000 bu last week, and 90,000 bu a year ago. Kansas City and Minneapolis wheat stocks so far this week show a total decrease of 139,000 bu.

The wheat market was somewhat indifferent at the start, but later on great strength developed in new-crop futures at Kansas City, and in spite of some reports of rain there are still some pessimistic crop comments coming forward. It is also figured that new-crop wheat futures are so far under the loan level that there is bound to be a large percentage of the crop tied up again under the support program. Looking at the commercial storage on a nation-wide basis, not including what may be stored on farms or in govenment bins, there is a total of 2,819 million bu space in the various states. This is an increase of nearly 644 million bu in construction since 1951. For example, the largest storage space is in Kansas, where elevators of various kinds will house 332 million bu of grain.

Our market responded to the strength at Kansas City, except for May wheat which lost ground on the later months, and apparently there is some liquidation coming into the pit right along. There was a reduction in the amount of #1 and #2 red winter wheat included in the contract stocks. This declined to 1,892,000 bu, with total contract stocks here 4,736,000 bu. We also understood that some more wheat was worked from Chicago apparently destined for the Southwest,

Corn prices were lower at one time, although most of the trade today consisted of changing hedges from May to later months. The open interest is declining in May as a result of deliveries, and more re-tenders are likely. Corn futures, however, ended firmly as general sentiment on the floor was somewhat improved. Beans were higher, but most of the strength was in May as a result of short covering.

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CHICAGO, 4

May 4, 1955

It was almost a foregone conclusion this morning that the wheat market would again be higher. There had been some pessimistic reports from the Southwest, and with hardly any moisture overnight and not much looked for, we hear from many of our offices that further deterioration could still take place. There was an article which appeared in one of the Kansas City newspapers, which told of crop damage during the past week as a result of warm, dry, windy weather. This was intensified because of high temperatures and strong winds which apparently had depleted soil moisture reserves. Later on, when a private report was issued, this news was pretty much confirmed, and there is a reduction in prospects of winter wheat of 11 million bu, with Galvin's report estimating the crop at 651 million bu. In comparison with the official report made in April, there are reductions for most of the southwestern states. The Kansas wheat yield has been cut to 140 million bu, while the crop outlook for Oklahoma is reduced to 27 million bu, and it is again confirmed that there is a near crop-failure in Texas with only 10 million bu anticipated this summer, although in Nebraska the prospect was pretty well maintained, and a crop of nearly 70 1/2 million bu is still a possibility. Of course, rains if they should come almost immediately would still benefit the wheat crop in Oklahoma and Kansas, but as far as Texas is concerned it is too far along in the season to expect any real recovery. The four important southwestern states, comprising Texas, Oklahoma, Kansas, and Nebraska, may produce only 248 million bu against actual production of 339 million bu last year, or a cut of 91 million bu. Part of this, of course, is occasioned by smaller acreage, but adverse weather has also taken a heavy toll; therefore, it is not likely that we are going to have very much pressure in the Southwest, particularly with prices so far below the loan level. In other words, it again looks as though very large quantities would be impounded, particularly as there is a reasonable amount of storage space available for this purpose.

As we turn our attention to the soft winter wheat belt we find that crop conditions were pretty well maintained during the past month, and the prospect for Ohio has been slightly improved, and the same for Indiana, while a likely crop of 40 million bu for Illinois is nearly 3 million bu better than last month, while Michigan shows only a slight reduction. Nevertheless, all of these states will produce less than they did a year ago, owing to the fact that last season we had phenomenal yields, and the acreage at that time was larger than at present. In any case a total winter wheat crop of 651 million bu, together with a spring wheat crop of possibly 177 million bu, would give us total production of 828 million bu, which would be somewhat less than domestic disappearance, including possible exports. Furthermore, the era of billion-bushel crops has ended, and it is altogether possible that some inroads will now be made upon the accumulated surplus, but it will take time to bring about real relief.

Primary receipts of wheat amounted to 1.3 million bu compared with 1.1 million bu last week and a little less than a million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 135,000 bu.

Once the wheat market started its upward trend there was not much resistance, and as a matter of fact Kansas City futures, particularly for the new crop, were again higher, and this we believe is the result of further deterioration in parts of Kansas. We had one message just before the close sent from Hutchinson by a reliable observer. He stated that wheat which looked fine a week ago has gone back noticeably, and claimed any rains at once would help but there was fear that before long it might be beyond recovery. There was considerable stop-loss buying in May wheat and the spread widened after having been down to 13 3/8 premium over July earlier in the day. There was some local buying of corn and the market rallied after some indifference earlier in the session.

Beans were also accumulated with some further short-covering in the May future.

Flour business was still very slow with the daily average only slightly above 25% of capacity. However, there was talk of some more wheat being shipped from Chicago to the Southwest, although there was competitive offering of red wheat by a large elevator firm at prices about equal to delivery basis. Brokers with Northwest elevator connections sold a small quantity of May wheat and there could be some deliveries here before the end of the month. Meanwhile, a little corn is being re-tendered but the spread between May and July has narrowed and May corn liquidation was pretty well absorbed. All wheat futures closed above $2.00 per bushel.

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CHICAGO, 4

May 5, 1955

There was no rain overnight and dry weather was reported over virtually all parts of the country. This is unfortunate as some areas have suffered disastrously from drought, and we have seen articles comparing this period with the early 30's, when for four successive years there had been insufficient rainfall. There can be no doubt that when water falls upon the land, it is either soaked up, stored, or runs off. The management of our 350 million acres of farm lands assume great importance to water conservation and use. Likewise the 300 odd million acres in private forest lands play a very great role in water management. Competent authorities maintain that any program to increase per-acre yields of crops in the humid areas of our country, (in other words that part generally east of the Mississippi River) must include irrigation. It takes vast amounts of water for agriculture. For example, to produce a bushel of corn requires about 10,000 gallons of water, a bushel of oats about 7,000, while a ton of cured alfalfa hay requires about 200,000 gallons. Thus it will be seen that as crop production is stepped up we must conserve our water supply, which at times is even more important than fertilizer. The total withdrawal of water in the U. S. for various uses is estimated to have doubled every twenty-five years since 1900. Of course, much of this is for commercial purposes, but, nevertheless, it is an inherent problem in agriculture which requires that we assure adequate supplies of clean water for all uses in order to receive greatest benefits. We must find ways for maximum utilization of all water from the time the rain and snow falls upon the land until the water finds its way again to the sea. We must likewise keep it clean. The Missouri River every year on the average carries 376 tons of sediment per square mile, the Colorado River as a whole 1,724 tons and the Rio Grande 837 tons. The Potomac, which is often considered one of the cleanest of rivers, carries 480 tons of sediment per square mile.

While all this talk of drought is written up in our domestic papers, we find the opposite story in Canada where spring operations have been retarded by excessive precipitation since April. There has been surface flooding in many areas and it will require one to three weeks of warm, drying weather before seeding may become general. We heard this morning that conditions were worst in Saskatchewan because of flooded and soggy grain fields, and estimated damage to farmers is reckoned at $50 million in that wheat-growing Province. They had paralyzing rain and snow yesterday, the second which occurred this spring. There is some talk that acreage may be decreased as much as 20% in Western Canada. However, it is still possible to get a good crop if early setbacks can be overcome.

In Europe very little rain occurred during the past week and spring planting continued under favorable conditions, but there is even a little concern now that soil is drying out. It is particularly dry in Northern Italy, and rain is urgently needed there to maintain prospects. In Western Germany fresh winds have likewise caused topsoil to become dry. Crops are still excellent in France, but Broomhall reports rain being needed. As in the U. S. May is generally a wetter month in Europe than April, so that there could still be a change.

Primary receipts of wheat today were 1.4 million bu, or practically the same as last week and compare with 819,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 158,000 bu.

Broomhall's figures on U S wheat and flour shipments for the week show 4 1/4 million bu shipped, and the total for the season is 218 3/4 million bu vs 162 1/2 million a year ago.

Our wheat market was again firm, and this was particularly true of the May delivery. The nearby months were also higher at both Minneapolis and Kansas City. Apparently the heavy impoundings are largely responsible for this situation, particularly in Kansas City where hard wheat is largely tied up under the loan. Higher prices for wheat also influenced beans for a time, although meal and oil prices reacted and the demand was poor. It is rather difficult to sell products right now, and processors are not very enthusiastic for the immediate future. Corn was somewhat neglected. According to Searle, the all around moisture condition for the three Canadian Provinces is 163% of normal compared with 96% at thistime last year. As we have pointed out, the precipitation since April 1st has been considerably more than normal in Alberta and Saskatchewan, and somewhat better than normal in Manitoba.

Trade was of smaller volume than yesterday, but at times there was a pretty fair business in wheat, although commercial transactions are not large. Flour bookings were small overnight, and there is considerable resistance to the sharp bulges in flour costs.

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CHICAGO, 4 May 6, 1955

Yesterday afternoon, by a surprise vote of 206 to 201, the House voted to restore rigid farm supports, and placed peanuts back on the list as a basic crop. This maneuver, we believe, was largely political. First of all, we never did understand why peanuts, with an annual value of about $ 147 million should be any more basic than tomatoes, sugar, beets, apples, cherries, strawberries, or lettuce. All of these products bring the farmer about the same average return, and actually apples net him about $ 100,000 more than do peanuts. In this category, let us not forget the billion-dollar soybean crop. It is doubtful whether the Senate will even take up the question for two weeks, and there is practically no chance of passage by that body. Even if there were a favorable vote, the President is almost certain to veto the measure.

Shortly after the House acted, Secretary Benson made a major speech before the American Assembly on U. S. Farm Policy at Columbia University. He pointed out that the flexible supports for basic commodities do not become effective until the 1955 crops are harvested some months hence, but he added that they will not be fully effective until one year later in line with President Eisenhower's recommendation for gradual changes in the Support Program. The Secretary insisted that in evolving farm price policy, it is important to keep the various farm crops and commodities in proper perspective. We must never forget that the six basic commodities, which get virtually all of the headlines and the bulk of our price support attention, account for only about one-fourth of the cash marketing receipts of American agriculture. Other farm marketings, mainly livestock and livestock products, which enjoy no direct price supports, bring in 54% of agriculture's cash receipts. In his concluding remarks, he stated: "As nations enjoy higher and higher standards of living, greater and greater comforts, greater and greater material blessings, there is a tendency for them to become more and more interested in preserving their luxuries and their comforts than in preserving and safeguarding the ideals and principles that have made them great."

Before our market opened this morning there had been some nice rains received over parts of the Southwest. They were far from complete, but at least they benefited southern Kansas and were spotted in Oklahoma, with Ponca City receiving more than an inch and Blackwell 1 3/4 inches. Lubbock, which is in the Texas Panhandle, received nearly an inch of moisture but Amarillo practically nothing. Texas rains were mostly on the South Plains and while too late to be of much help to wheat should at least be beneficial for pastures and sorghums. The five-day forecast is not too favorable although eastern sections of Nebraska, Kansas, and Oklahoma will probably have light moisture. There is some rain expected over the corn belt, which will be very welcome, as top soil has become dry. The general concensus from our Kansas Offices supports the idea that deterioration has been taking place, and that the crop has gone backward to quite an extent.

Primary receipts of wheat amounted to nearly 1 1/2 million bu, which was about the same as last week, and compared with a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 1.1 million bu. When the wheat visible is posted on Monday it will compare with last year's decrease of 355,000 bus.

Trade was much more quiet than yesterday, and fluctuations were within a rather small range. We had advices from downstate that corn and bean plantings were well under way, and we also heard that a barge containing 105,000 bu of #2 red winter wheat had arrived here from Toledo to unload at one of the elevators. This, however, did not have much market influence, and May wheat trading was also rather dull considering that there is an open interest yet of 16.8 million bu. There were some unconfirmed reports that Turkey had bought some red wheat in this country, and also some barley, but we did not hear either the terms or the period of shipment. A few scattered points in Kansas reported during the session that there had been overnight rains, but the regular forecast is not too favorable, and damage reports persist.

Beans were without much feature, but the open interest in the May future is still very big -- over 15 million bu, and stocks here are small, with the last day of trading May 19th.

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CHICAGO, 4

May 9, 1955

After the close of the market tomorrow a government report will be issued estimating the winter wheat crop. Some people believe that the new forecast will be lower than that of the private expert in view of the fact that there have been so many reports of deterioration in the Southwest, with many localities complaining that the crop had gone backward compared with two weeks ago. It is quite doubtful since the figures appraise the crop as of May 1st that the recent rains will be taken into account. Nevertheless, there was some improvement over the week-end, and while there were good rains again on the South Plains of the Texas Panhandle, it appears to be too late for wheat to be helped much, although in Oklahoma and Kansas the crop has not progressed as far, and we should not be surprised to see some improvement. Enid, which is in the north central part of Oklahoma had about 4 inches rain since Saturday, and Kansas City had 3/4 inch to possibly an inch, while about the same at Independence, Kansas. The forecast suggests more precipitation for eastern portions of the Southwest, but apparently western sections are not scheduled for much relief. Due to daylight saving time, some of the weather reports are a little late in arriving, but after the opening we saw a dispatch issued by the Oklahoma City Weather Bureau stating that 7 miles south and southwest of that point 5 1/2 inches rain had fallen. This moisture extended to Arnet, which is in the northwestern part of the state, and there was also a good rainfall at Ponca City and Blackwell, which is in the north central area of Oklahoma. In southwestern sections Hobart had nearly an inch of rain since Saturday, and it rained overnight at Altus, which is to the South of Hobart, so that all in all these rains must be regarded as having rather extensive coverage. It had been very warm Southwest with a few stations reporting thermometer readings of 100 degrees but temperatures fell sharply to below normal for the first time since about May 1st.

In Canada weather during the past week was cool and unsettled over most of the Prairie Provinces, although it turned warm Saturday. We understand that their agricultural officials are pessimistic but hopeful with respect to the crop outlook. Sunny weather they admit could still produce good yields. One of our friends at Winnipeg tells us that he has been in business long enough to have seen similar situations before. He states that in Western Canada probably in 9 years out of 10 or maybe even 19 out of 20, if there is enough moisture that country generally raises a crop. There have been very few years when crops were lost because of excessive moisture. Canadians are complaining, however, that CCC has hurt their business tremendously, and sales from that country are pretty well limited to the U. K. This is due to the fact that either U. S. or other feed grains underprice Canada for Continental markets.

Chicago wheat stocks decreased only 75,000 bu during the week, some moved in and some moved out. There is still nearly 7 million bu in Chicago. The local corn stocks decreased 347,000 bu, leaving 9.7 million bu here. Rye showed a fairly large decrease of 314,000 bu, with 5.1 million bu still here. Beans showed a small increase, but yetonly 276,000 bu are locally held.

The wheat visible decreased slightly over 1 million bu, leaving 335.8 million bu in the various markets, which is 61 1/2 million more than was on hand last season. Corn stocks decreased 135,000 bu, and oats decreased 560,000 bu. A decline in bean stocks of 186,000 bu reduced the total to 1.6 million bu compared with 8.1 million bu last season.

Our wheat market firmed up at one time, probably in sympathy with beans, which were strong. So was May wheat. Beans were influenced by a better local sentiment, some commission house buying and higher prices for oil. In wheat, the new crop futures met a little opposition on upturns, with weather in the Southwest a factor, and there could be an increase of 5 to 10 million bu for Oklahoma sa s result of the rains, and some improvement also in Kansas although the latter state did not receive the benefits in central and western sections. Flour business was slightly improved but no real spurt. A few oats are currently arriving in Chicago by barge, and we may have some tenders on May contracts later on, but nothing is indicated at the present time.

Corn was firm, and there was some selling of May on fractional advances by a commission house, while a leading elevator concern was buying May corn against sales of July at 2 1/2¢ difference. Spot corn was a shade lower, but yet it traded at 6 1/2¢ over May, and country offerings were not heavy. There is, however, still a fair amount of CCC corn being liquidated.

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CHICAGO, 4 May 10, 1955.

The piling up of surplus stocks of farm commodities has occurred despite drastic cut-backs in acreage. For example, wheat acreage was cut nearly 17 million acres from the 79 million planted in 1953 to 62 million in 1954, with a further cut to 55 million acres scheduled for this year. In the same way cotton was cut 7 million acres from 27 million in 1952 to 20 million in 1954, with 18 million indicated for this year. It is naturally unfortunate that drought and dust storms have taken a heavy toll in some wheat areas, particularly in the southern and central Great Plains. After the close of today's market we shall have a new forecast on winter wheat production, and it is possible that there may be some decline from the 662 million bu estimated last month. While of course a small crop is always bad news to farmers, the final result cannot be too serious owing to the fact that the July 1st wheat carryover is expected to be a record high of about 1 billion bu, which is enough to meet domestic requirements for 18 months without raising a single bushel next summer.

Because of the fact that federal price supports for many products have been more attractive than market prices, the bulk of the old-crop carryover will be owned by the government. This has resulted in the CCC's investment in farm products of nearly $7 1/2 billion at the end of February, which was an all-time high, with wheat, cotton, and corn accounting for three-fourths of the money tied up under the program. The balance of the funds were invested in two dozen commodities ranging from tobacco down to honey. According to Washington advices, CCC officials are considering asking the Congress for $2 billion more borrowing authority on the ground that the present $10 billion limit may not be sufficient to meet all commitments during the coming crop season. Due to a similar situation, the CCC borrowing limit was increased twice last year, first from $6 3/4 billion to $8 1/2 billion, and later to the current $10 billion. This in itself should prove to our legislators who are anxious to help farmers what dangers there are in pursuing rigid price supports for an unlimited period of time. Just recently the House voted in favor of the old system in an effort to ban flexible supports, which might have brought some relief.

Before our market opened this morning there had been reports of good rains in Kansas, and almost all of our offices in reporting told of precipitation in varying amounts. There was more than 1 inch at Hutchinson, 3/4 at Great Bend, and generally speaking the moisture extended farther west than anyone had predicted. The weather map is quite favorable now for showers and thunderstorms for all parts of the Southwest, and, indeed, the map has the best appearance in some time. Rainfall was also general over the corn belt area, while in the Northwest states mostly fair weather prevailed. There were also some good rains in the Texas Panhandle, with as little as .14 inch at Amarillo to as much as 2.18 inches at Hale Center. The Texas rains have come too late to improve prospects of the wheat crop, but are nevertheless, welcome for pastures and sorghum grain. We doubt whether the government report this afternoon will take cognizance of the improved weather outlook in Oklahoma and Kansas.

Primary receipts of wheat amounted to 1,647,000 bu which compared with 1,775,000 bu last week, and 1,715,000 bu last year. Primary receipts of beans were 220,000 bu compared with 194,000 last week and 234,000 a year ago. Kansas City and Minneapolis wheat stocks so far this week show a net decrease of 46,000 bu. Contract stocks of wheat in deliverable positions here in Chicago are now 4 3/4 million bu, and of this quantity 1,645,000 bu consists of #1 and #2 red winter wheat.

The early weakness in wheat was attributable to the forecast for further moisture, and later predictions bore this out, but nevertheless the market had some rallying power, and we believe that some evening up commitments were made prior to the government report on the possibility that the figures may be bullish.

There was some liquidation in beans, and also selling of May against purchases of July by an elevator concern, but trade generally was rather light.

Flour business is still on the slow side, although there has been a little more business in hard winters, probably due to the fact that inventories are small.

Rye has been doing a little better, and while there is still more than 4 million bu here in Chicago, we have noted a tendency toward reducing stocks. CCC sold exporters 140,000 bu of rye at 81 1/4 to 81 3/4 FOB Minneapolis, and with some shipments from here it shows that price is still the best regulator of all, and current cheapness should gradually get us into a better statistical position. The country is offering cash corn a little over the market.

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CHICAGO, 4 May 11, 1955

After the close of the market yesterday the government experts gave their appraisal of crop conditions as they saw them on May 1st. The winter wheat yield of nearly 653 million bu was a drop from the 662 million bu forecast a month earlier. Last year the output amounted to 790 million bu. Of course, everyone had known for some time that with smaller acreage and adverse conditions in the Southwest that it would be impossible to raise a big crop, but nevertheless, there were some in the trade who had looked for even smaller yields, and since everything in life is comparative the last report was construed as slightly bearish. The drop of 17% from last year, plus a possible spring wheat crop of 177 million bu would mean a total spring and winter wheat production of about 830 million bu. A crop of that size would permit us to reduce our reserve one year hence. It is almost a foregone conclusion that we shall have a disappearance of some 875 million bu wheat to take care of our domestic and export requirements.

The Department also made its prediction with respect to the rye crop, indicating a yield of 29.3 million bu, which would be nearly one-fourth larger than the previous crop. In fact, if production is maintained and the present promise is fulfilled we would have the largest production since 1942. Apparently some of the farmers who heeded Federal planting controls on wheat have placed some of their land under cultivation of rye, as well as other grains.

Generally speaking, growing conditions are excellent in the mid-west, except for the less encouraging situation in some of the southern sections, particularly the Southern Great Plains where chronic droughts persist. As a matter of fact, the rains which have occurred since May 1st have been very beneficial. They came too late to help the Texas wheat crop, which is practically a failure, but they should surely do some good in Oklahoma and Kansas. There were overnight rains again in Texas and Oklahoma, and more rain appears probable for the Southwest, while in the Corn Belt it is clearing after scattered precipitation, which occurred mostly east of the Mississippi River. Fair weather has prevailed Northwest, and there is no indication of rain. That territory will bear close watching, and slightly higher temperatures are forecast. Weather seems to be clearing over the Canadian Provinces, and while the season is late there is not too much pessimism expressed, as the important thing for that country is moisture, and they have had more than their share of that in recent weeks.

The state reports from Iowa and Illinois were reasonably optimistic. Field work and early crop development continued so that operations are anywhere from one week to ten days ahead of normal, and plowing in Iowa is about 95% finished. Some interruptions were occasioned because of rain, but nevertheless rapid progress is being made. The same refers to the soybean seeding preparations.

According to E. Howard Hill, President of the Iowa Farm Bureau, "Over half our corn producers chose to give up eligibility for corn loans rather than make an acreage cut last year." Iowa farmers preferred to grow as much corn as they liked, and turn it into marketable meat.

Primary receipts of wheat were 1.3 million bu, which was practically the same as last week, and compared with a little over 1 million bu last year. Kansas City and Minneapolis stocks show a decrease of 33,000 bu so far this week.

There was no great feature to the wheat market; apparently the report of further rains failed to have much influence, and there seemed to be a little buying but on the other hand some of the state reports spoke of considerable damage to the Kansas crop during the past week because of unfavorable weather conditions. Brown spots, indicating severe drought damage, were appearing in many fields in the western two-thirds of the State, where a few weeks ago prospects appeared fairly favorable. Of course this may change again due to recent moisture. Flour business may have been slightly better, but prices are in high ground, and there is still a reluctancy to buy anything except for immediate needs.

The corn market was a little more active. An export house shortly after the opening bought a fair quantity of July corn, which touched off stop-loss orders, and we had quite an advance, but best prices did not hold and there seemed to be profit-taking thereafter.

Rye showed the results of a larger crop in prospect, but yet there seemed to be some recovery after an early break.

Beans at no time went far above the previous close, and there seemed to be some liquidation but the market was a rather uninteresting affair and closed somewhat lower.

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CHICAGO, 4 May 12, 1955

While the House recently voted to abandon flexible price supports and to return to the 90% rate, there seems very little chance that such a move would meet the approval of either Senate or the President. Mr. Eisenhower when asked about pending farm legislation declared anew for flexibility. He said that this plan should have a full opportunity to work in order to see whether better prosperity can be brought to the farm area. In other words he sought prosperity that would be permanent and sound economically. The diminishing effectiveness of high price supports is indicated by the number of farm commodities which are selling below support levels. Many observers predict that wheat farmers this year may vote down marketing quotas for the 1956 crop. They cite farmers' growing resentment of controls and the prospect of lower price supports for 1956. One of the great weaknesses of attempting to curb overproduction by acreage restrictions is that, by and large, it applies across the board, making no allowance for variations in farmers' efficiency, suitability of land, etc. The efficient and inefficient, the good farms and the poor, are all cut down alike. There is a minimum of sifting out and of incentive for farms to be devoted to products for which they are best suited.

Mr. Benson, in our opinion, will win out again as he did in the case of dairy products. By permitting the laws of supply and demand to function more efficiently, we have stepped up our milk consumption per capita by 2 pounds during the last year. At the same time milk production is not increasing and will probably be the same as in 1954 -- around 123.5 billion lbs. One of the factors that had to be considered was that because of high prices farmers improved their techniques to a point that milk production per cow last year reached an all-time record of 5,512 lbs. per year. This brought on problems to the industry that had to be promptly met, and it took courage to do so. As ex-President Hoover once pointed out: "We need men and women who cannot be intimidated, who are not concerned with applause meters, nor those who sell tomorrow for cheers today."

Before our market opened this morning, there had been reports of nice rains over southwestern territories. There was nearly an inch of rain at Fort Worth, also, it had been raining all night at Kansas City, and while a good deal of the moisture in Kansas was confined to the eastern sections, there had also been relief as far west as Wichita, while Oklahoma and Texas were also favored. The forecast is for scattered showers and thunderstorms for the Southwest, and some of the moisture may visit Nebraska by tomorrow. It is also becoming unsettled over the corn belt with showers likely tonight or Friday.

All this had very little influence on the market probably for the reason that May wheat was again very strong. There are still those who feel that unless prices advance prior to harvest impoundings will again be heavy. This, of course, is less true in the Southwest since Kansas City July wheat is selling about 13¢ over Chicago and farmers must take into account that from the gross loan rate 12 ¢ must be deducted for storage, 7¢ for country elevator handling, so that the net rate of around $2 to producers might be about all they could expect in the way of a net loan figure. July wheat at Kansas City is selling at about $2.15 per bu, which would net the farmer about $1.95; therefore, the spread is not too wide between market and the effective loan level.

Primary receipts of wheat amounted to 1.6 million bu vs 1.4 million bu last week and nearly a million bu last year. Kansas City and Minneapolis stocks this week show a net decrease of 38,000 bu.

Broomhall reported that only light rainfall occurred over many European countries and the need for moisture was increasing. There have been no serious complaints to-date but the situation bears watching. Weather in Germany is clear and topsoil is becoming dry. There has been no appreciable rain in Italy for some time but nights are cool. Crop development is somewhat unsatisfactory and moisture is needed mainly in the northern areas. There were some beneficial rains in France but weather has cleared and prospects are satisfactory although additional rains are wanted.

Volume of trading was fair in wheat and prices probably advanced more here than in outside markets. We heard from Canada that the Free Press at Winnipeg estimated that wheat acreage would be cut 3.8 million acres in the Provinces - - a decrease of 16% from last year. Corn was quite indifferent, and closed somewhat lower. It did not heed at all the strength in the leading cereal. The same was true of beans, and the market lagged with further narrowing of the May-July spread.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4

May 13, 1955

It is almost two years ago that the Chicago Board of Trade closed for business on Saturdays, and some of the other commercial exchanges had taken action prior to that time. We were virtually forced to a 5-day week owing to the fact that the large city banks in New York and in Chicago closed their doors on Saturday, although in fairness it should be stated that we were given special consideration by the Chicago institutions, insofar as Clearing House transactions were concerned. However, it was impossible in all cases to handle margin accounts from customers; so there were handicaps. Other service institutions dealing with the public, like hotels, railroads, and department stores, have kept their doors open, and apparently there has been sufficient labor to carry on business and sufficient demand to warrant it. We admit that relaxation is important, but one cannot make a career of it.

During the past week or so the weather map has changed considerably, and while rains have not covered all sections of the Southwest, (and may even have come too late to be of benefit in Texas) there were many other areas that have been benefited. Overnight there were portions of Missouri that had 2 1/2 inches rain, and there was also light moisture in eastern portions of Kansas, but the forecast, both daily and for the next five days, suggests precipitation for western Kansas, western Nebraska, and western Oklahoma. Central and southern parts of Illinois had good rains and will probably be favored with further moisture.

In view of this situation, wheat was somewhat lower and even May wheat, which had been so strong lately, yielded some ground right after the opening. The weakness at Kansas City may have had something to do with it. As we view the general May wheat situation, there is still an open interest of 12.6 million bu, less, of course, the reduction which may have occurred today. Should all of the transactions have to be settled in the pit, the final outcome would depend very much as to whether longs or shorts took the initiative; therefore, it would be a very uncertain affair. However, there must be a million bu of red wheat in our market, which is free, and which, in our opinion, either has been hedged in the May contract or might become hedged before the termination of trading on May 19th. Should this surmise prove correct, then there would be a million bu more May wheat on the long side that would have to be liquidated than the amount covered by shorts. While it is only a surmise at best, not knowing what holders of cash wheat will finally undertake, it does at least suggest that May wheat might weaken considerably in comparison with the new-crop futures between now and next Thursday. It will be interesting to see if our diagnosis is correct.

Not too much attention has been paid to Canadian crop conditions, although the Winnipeg Free Press estimates that wheat acreage will be reduced 16.2%, and that less than 20 million acres will be sown. Hardly any offsets are likely for acreage that might go into oats or barley, and apparently wet weather has been the main factor in the situation. We can remember so many years when May and June were critical months, and when insufficient rains caused sharp revisions in the crop outlook because of drought or partial drought conditions, so that even when the sown acreages were larger they sometimes had small crops in that country. The trade is not taking that news too seriously.

Primary receipts of wheat amounted to about 1 1/2 million bu, which was practically the same as a week ago and compared with 942,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 96,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 519,000 bu.

In yesterday's trade there was considerable short covering of wheat, and it was virtually the only market which had been higher. Today the wheat trend was reversed, but other commodities were on the firm side, although corn was fractionall off, but beans were a little higher, and rye was also higher. Chicago bean stocks are still small, and we are not building up a supply here, although processors are getting their requirements pretty well, and at prices which are more satisfactory to them. It was extremely dull in the flour market, high prices being the primary drawback. However, the trade is paying some attention to moisture and crop conditions Southwest, which have improved. There is continual pressure from processors on the meal market, and prices are practically at the season's lows. We heard from the Northwest that the CCC was offering 1,300,000 bu of corn for export under GR-212, bids were to be in by Monday. An export house sold July corn, but the sale was absorbed pretty largely by a commission house.

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CHICAGO, 4 May 16, 1955

Budget requests for 1956 call for an additional $5 1/2 billion over the actual appropriations for 1955. In each of the past four years the Congress has cut several billions of dollars from the appropriation requests submitted by the President, and likewise during that period expenditures have been substantially less than the amounts estimated in the budget. Nevertheless, it is very difficult to get our total spending down to any appreciable extent as long as we have to have the large armaments, and the Defense Department, which had an appropriation of $28.8 billion this year and has asked for $32.2 billion in the year ahead. All other government spending amounts to only about $13.3 billion, of which $5.8 billion is for various independent offices, $3.3 billion for Treasury and Post Office, and $2.4 billion for Labor, Health, Education, and Welfare. The Interior Department, the Agriculture Department, and the Justice-Judiciary Departments total only $1.7 billion. Thus it can be seen that until such time as defense expenditures are reduced it will be pretty difficult for either party to accomplish much economy in public spending.

Before our market opened this morning there was some nice rainfall reported in Kansas. It ranged from 1/3 inch to over 1 inch in several places, and while all sections of the west were not benefited, there was more than 1/2 inch of rain at Garden City, and the barometer is favorable for further precipitation as another low is coming in, and in addition to moisture, which has fallen over portions of Oklahoma and Texas, we may look forward to more. There was considerable snowfall over Montana and in Southern Alberta, while east of the Mississippi River weather was mostly fair except for some showers up the Ohio River valley. Beneficial rains were also reported in parts of Western Europe late last week, and the same is true of the U. K. but temperatures in the latter country continue too cool for satisfactory growth. Moisture is still wanted in many areas of the Continent. The most adverse reports come from Saskatchewan and that Province is suffering its worst flood disaster in history, according to the Agriculture Minister. The latter estimated that 15,000 to 20,000 farms, involving 3 to 4 million acres are seriously affected by flood waters. About 8,000 to 9,000 farms with about 1 1/2 million acres of cultivated land cannot possibly be cropped this year, but he stated that with better than average weather the Provinces could still harvest a good crop. The over-all moisture condition for Alberta is 142% of normal; Saskatchewan 176%; and Manitoba 131% of normal. During the month of April exports in wheat and flour dropped sharply, clearances being estimated at 16 million bu. This is less than half the 33 million bu reported for March and compares with 20.6 million shipped during April a year ago. The total to end of April was 223 million bu this season compared with 172 million bu for the same months last season.

Chicago wheat stocks decreased 508,000 bu during the week, leaving 6 1/2 million bu here in Chicago. Corn stocks locally decreased to 9 1/2 million bu and oat stocks declined with the result that there is only 668,000 bu held here. Rye stocks were down, leaving 5 million bu, and beans increased 148,000 bu, but still there are only 424,000 bu beans here.

The wheat visible showed an increase of 653,000 bu, with total stocks in all positions 336.5 million bu. The U. S. corn visible declined 744,000 bu and oats decreased 248,000 bu. There was a small decrease in total bean stocks, with only 1 1/2 million bu in all positions.

During the session we heard of additional moisture in southwestern portions of Oklahoma. There was an inch or more of rain last night. Other sections of the country were benefited and with an unsettled map there was no buying power to speak of. The deferred wheat futures declined and May wheat also went down but rather reluctantly. The open interest in May is still very large with about 11 3/4 million bu still to be settled out, including today's trade.

Flour sales were extremely poor over the week-end and according to The South/western Miller indications are that the pattern of slack business is likely to keep up for some time.

Corn prices held relatively well and there was not much feature nor much hedging. Some spreading took place between May and July corn at 3¢ difference and a local elevator concern was the buyer of May, which offset liquidation by commission houses.

Soybean meal is nearly at the lowest price in about five years. The demande generally for feed ingredients is slow and this does not bring much encouragement to the bean market. However, May beans were relatively strong, which is probably due to the small stocks here in Chicago and the large open interest.

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May 17, 1955

Despite the fact that the new Russian officials seem more conciliatory and that prospects for peace look brighter, we are still figuring on spending over $32 billion for defense during the coming year, and this makes it more difficult to think of reducing taxes, or in any event, of balancing our budget. Nevertheless Senator Harry F. Byrd has stated recently that the federal budget for 1956 could be balanced if spending on existing programs were held to 1955 levels and if Congress refused to approve legislation authorizing new spending programs or extension of present programs which are about to expire. At the same time he has warned that if the big new spending programs now being considered by Congress are approved, spending will begin to rise again and it may be years before the federal budget can be balanced. Among the programs he refers to are the proposals for greatly expanded Federal aid for highways, Federal aid for school construction, and the $3.5 billion request for new foreign aid funds which would be added to a present unexpended balance of about $9 billion.

Overnight weather was very satisfactory from point of view that many of the dry areas in Nebraska had been relieved, and this had been giving some concern to the trade. There was also some nice moisture in western Kansas, with 1/2 inch of rain at Norton, and threatening in other parts of the West. Both the daily and the five--day forecasts are optimistic with respect to further rains, and it was not surprising therefore that our market opened slightly lower. There was also some moisture in the Northwest, considerable snow having fallen in sections of Wyoming and Idaho, and about 1/4 inch rain over most of the reporting stations in North Dakota. Scattered showers are indicated this afternoon and tonight for the Northwest, clearing by Wednesday, but continued cool.

The Canadian situation is not too clearly defined. They have had wonderful moisture, but it is another late season, which always brings up the danger of possible frost in the Fall before the grain is gathered. Meanwhile there may be some reduction in acreage due to the fact that planting has been delayed, but still with modern machinery some of the tardiness may be made up, and a fairly good crop is still possible. Canada is not moving wheat into consumers' hands at export levels consistent with the quality of her product and the size of the potential market. Unless this situation improves it might have an adverse effect upon the economy of Canada as a whole, and the west in particular.

The President of the Winnipeg Grain Exchange points out that since last August world exports of wheat are reported to be about 80 million bu greater than for the corresponding period of a year ago. Turkish exports have been reduced by about 30 million bu because of a poor crop. On the other hand, shipments from the U S have increased about 56 million bu, while Argentine shipments have been stepped up by 11 million bu, and increased clearances from Australia have amounted to 19 million bu. France had a big crop last summer, and her exports are approximately 21 million bu larger, while the poorest showing was in Canada, and the lowest on the list of exporting nations, having sent abroad only 4 million bu more than the year before, or approximately 10 cargoes more than in the same period of 1954.

Primary receipts of wheat amounted to 1,745,000 bu; this was a little more than last week, and compared with 1,256,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 117,000 bu.

The government weekly grain report was more optimistic and spoke of materially improved prospects due to the heavy rains over middle and southern portions of the eastern half of the country, and in most of Texas, Oklahoma, eastern Kansas, and southeastern Nebraska. Much of this area in the Southwest had been badly in need of additional moisture, and timely rains, while coming too late to bring much improvement in western portions of Texas, Oklahoma, and Kansas, did nevertheless bring benefits to the surviving acreage. There are some complaints of insufficient moisture in North and South Dakota, and this may have been one of the reasons for the strength in Minneapolis. There have been no deliveries yet on Minneapolis May wheat contracts, and there was some outside buying that came into their September delivery this morning.

Flour business was still on the quiet side, and mills are not hopeful of any turn, at least in the near future.

Contract stocks of wheat are 4.3 million bu, of which 1.1 million bu consists of #1 and 2 red winter wheat. This is quite a sharp reduction from last week. Our May wheat was strong, and this had little effect on the deferred months also. May beans were firm, but the deferred months were weak.

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CHICAGO, 4

May 18, 1955

A few days ago the Secretary of Agriculture set June 25th as the date for the National Referendum among wheat growers to decide whether or not quotas should be effective for the 1956 crop. He had no alternative and was compelled to take this action. It is the third consecutive year during which marketing quotas, as well as acreage allotments, have been proclaimed because of burdensome supplies of wheat. Current estimates are that about 1,863 million bu wheat will be available for the 1955-56 marketing year, which begins on July 1st. According to the formula set by law normal supplies under legislative provisions made the determination for the referendum 1,122 million bu. This is based on a year's domestic and export disappearance, plus a 20% allowance for reserve. As aforestated, Mr. Benson had no choice. It should be pointed out that in last year's referendum for quotas 73.3% of the farmers voting approved the quotas. The vote was 208,623 in favor and 76,023 dissenting. It requires 66 2/3% affirmative vote to make the ballot effective. Mr. Benson has further pointed out that we shall have almost as much wheat in the total supply after harvest this year as we had a year ago. In other words we shall have enough wheat to take care of all of our domestic and export needs for two full years. All of this has come about despite the fact that the crop harvested this year has been limited to the minimum referendum allotment of 55 million acres. If quotas are not approved by wheat growers in the coming referendum, the law provides for a wheat price support level at 50% of parity for producers who stay within their acreage allotments. Should quotas be voted out as many people believe will be the case, farmers will be permitted to exceed allotments without being subject to quota penalties. However, even if quotas should be dropped compliance with the established allotments is still a requirement for eligibility to receive any price supports. In non-commercial states, the price support will be at 75% of the level available in commercial states; there will be no allotments or quotas in the non-commercial states.

Before our market opened this morning there was good news again from the Southwest. Heavy rains had fallen over sections of western Kansas, with 1 1/2 inches at Garden City and about 2 inches at Syracuse. They also had good rains in western Nebraska where they will be beneficial and precipitation was also mentioned over many reporting stations in Oklahoma. The map is still wet and we may have more of the same weather for the next twenty-four hours. The Texas Panhandle will be benefited as far as pastures are concerned, also the sorghum crop should do well but the rains came too late to help wheat. There may be some showers west of the Mississippi River Thursday, and this would also be helpful.

Despite the probable improvement to crops July wheat firmed up after early weakness. It may have been helped by the strength in the May future but also there is little disposition to sell short with prices of the new crop months so far below the loan level. A truckload of new wheat has been delivered to San Angelo, Texas, but movement of the crop generally is several weeks away. We understood that there was some more red wheat coming here from Toledo by lake. It is reported that a barge about the same size as the one that recently brought 105,000 bu will make one trip and possibly two.

Commenting on European crops Broomhall mentions unseasonably cool weather in European countries, which has slowed up crop development, and germination of recent plantings. However, there were beneficial rains where it had become dry. Another large wheat crop is expected in France, given favorable conditions for the remainder of the growing period. Cool weather with occasional rains is reported from West Germany but spring planting has been completed. Rainfall has been spotty and some sections need moisture. The Italian prospects have deteriorated, as rain has been inadequate.

Primary receipts of wheat were almost up to the 1 1/2 million bu mark, somewhat larger than last week and compared with less than a million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 224,000 b

The open interest at the opening of trade today was about 10 million bu for each May beans and May wheat, which is still very large, and it suggests that fluctuations tomorrow could be quite unusual until these futures terminate. While the deferred wheat futures were a little stronger at one time in sympathy with May they finally reacted again. A hard rain was reported at Norton, Kansas, and in other parts of the state, although some dispute the fact that substantial crop recovery may be possible.

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CHICAGO, 4 May 19, 1955

There was further rainfall over Kansas, Oklahoma, and Texas during the past 24 hours, In some places they had the heaviest downpours in months with the amounts ranging up to 2 inches in parts of Oklahoma and Texas and all of the west central and southwestern areas of Oklahoma covered with rain, which in one instance ran up to 9 inches and was almost of flood proportions. They also had more than 2 inches at Hastings, Nebraska, and some wonderful moisture in western Kansas, but contrary to what one might think there are still a good many people who claim that the wheat plant is not responding to the moisture and that they doubt whether the next government report will show the improvement that might be expected from wet weather. We ourselves are a little dubious but still will not argue with those who are in the fields and have seen developments at first hand. Nevertheless, the rain is a blessing, as much of the parched land will have some of the moisture restored to the ground and it will be helpful for the future if not for the present.

The Department of Agriculture noted that consumption of feedstuffs for the first half of this crop-year was the smallest in five years and totaled only 8.4 million tons. This is quite surprising as livestock numbers are large and the number of grain-consuming animal units to be fed is estimated at nearly 174 million, which is about the five-year average and compares with only 168.4 million last season. There are many reasons attributed to this situation. First of all, last winter was comparatively mild and some grazing was possible in parts of the country, so that feedstuffs were not in as much demand as in previous years. For example, with about the same number of animals we fed nearly 9 1/2 million tons of feedstuffs during the six-month period in the 1951-52 season. The fact that more meal is going into the animal diet may cut down the amount of corn, sorghums, and oats, but in any case it does tend to explain why the corn market has not responded better in view of the fact that the crop was somewhat under the 3-billion-bu mark. Of course, the large stocks from previous years also featured in this story, and the government has been selling corn rather freely, which naturally has lessened the amount from private channels.

May wheat opened somewhat lower and there appeared to be some backspreading early by way of purchases of the deferred months, but the local interest was a little bullish on July and September wheat, believing that prices were so far below the loan level we could easily have an artificial situation later on. Comparatively small amounts of wheat may be sold as there seems to be enough storage space to permit heavy impoundings again. Also, the Canadian situation is not quite as bearish as only about 20% of the wheat acreage has been seeded in Saskatchewan, and there will undoubtedly be some reductions because of adverse weather with some areas flooded as the result of excessive rainfall. However, Canada, like this country, has so much wheat from previous crops that even moderate yields in that country would hardly lessen their troubles in the crop-year ahead.

Primary receipts of wheat today were a little over 1 1/2 million bu, which was slightly less than last week, but compared with 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 303,000 bu.

Routine news did not count for much. Almost everyone was waiting to see how the May futures of wheat and beans would terminate, There was about 7.6 million bu open this morning in wheat and a little more in beans, which meant that net trading had to be large, as there are inadequate stocks in Chicago to make deliveries of that size on either grain. Strangely enough, both longs and shorts waited until the very last to even up commitments. There was no change in the status of flour trade, and all indications are that there will be no immediatepick-up, according to The Southwestern Miller.

There was less excitement in May wheat than in May beans, although May wheat expired at almost the largest premium over July on the crop. May beans were very strong and hard to buy. The market rushed up toward the last, and shorts had to pay the penalty. Not much feature to the corn market today, but apparently deliveries earlier in the month brought about considerable liquidation, and the May delivery went out at a substantial discount under July.

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CHICAGO, 4

May 20, 1955

At the close of business yesterday, all domestic May futures in grain expired, and at the termination of trade the price of Minneapolis wheat was about $2.57 per bu, at Kansas City $2.40, and here in Chicago $2.21 per bu. Some may take the view that the price in Chicago should have been the highest owing to the fact that last year's loan was $2.58 for No. one hard winter, whereas the prices in outside markets were slightly lower. However, the loans were not entirely effective owing to the fact that we had the very large surplus of red wheat, and that, consequently, for a good part of the crop year prices here did not fully reflect the support program. The same was true to a lesser extent in the Southwest, even though cash wheat was fairly tight and impoundings were heavy enough so that big premiums had been paid for spot wheat, and it was only in the last few days that any deliveries were made at all on the Kansas City futures contract.

The carryover at the end of June will probably be close to a billion bu, but as the government has pointed out so often in the past the greatest percentage of this wheat will not be available for the free market. Thus we have tangible evidence again that the loan cannot be completely overlooked even though at times farmers are willing to sell their produce at prices considerably beneath that level. It brings to mind at the present time that July wheat selling around the $2 mark may be too cheap to attract much new wheat after next harvest. There will, of course, always be some farmers who need space at home or who cannot find storage, but those producers are by far in the minority, although there may be a few whose wheat crop is of insignificance in comparison to what they receive in corn, beans, etc., so they may not want to be tied up by a lot of red tape. In any case one may draw certain conclusions; namely, that we may not have too much free wheat offered for sale during the movement, and should this happen higher prices are likely. The one deterrent to taking a very strong position at this time is that there will be a referendum on June 25th and there is no certainty that there will be a two-thirds majority in the acceptance of quotas. That, however, would refer only to the 1956 crop, and even if there is a negative vote, the price support level at 50% of parity to producers would not become effective for another year. Nevertheless, it is something that must be borne in mind as future events often cast their shadows. We do feel, however, that with the bulk of the present big surplus tied up in government hands, and a good chance that with the smaller crop coming, farmers will again take the loan in large measure, so that we may have another year of artificially high prices.

The wet weather map Southwest is still a factor; in fact, to such an extent that some floods in Oklahoma and in Colorado are being reported where previously there was drought. At Garden City, Kansas, they had 1 1/4 inches rain overnight, which makes 6.34 inches for the month. The normal in that district is about 18 inches for the year. At Enid, Oklahoma, they had 4 1/2 inches moisture during the past 48 hours, and since May 1st, 10 1/2 inches, which is also abnormal. According to the five-day weather outlook further precipitation seems likely.

Primary receipts of wheat were a little over 1 1/2 million bu, or about the same as last week, and compared with 910,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 409,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase last year of 152,000 bu.

Trade was not particularly heavy, but there was a better sentiment all around. Oats which had been rather indifferent for some time came to life, they showed great strength advancing about 2¢ per bu, which in turn affected corn, and this even lent encouragment to wheat. However, we believe that many people are becoming more interested in the wheat market because of the fact that at present levels it may be difficult to have accumulations of free stocks. The milling demand was no better; in fact, buyers apparently are waiting for a downward adjustment as we get closer to the new crop.

All signs point to better weather in Canada over the weekend for the Prairie Provinces, but in our Northwest there is no indication of rain and unless we get some moisture soon there probably will be some complaints from those areas.

There was better buying in beans, and the fact that no sizeable accumulations took place in Chicago during May when prices were high encouraged the belief that the July future might at least temporarily do better. There was some commission house buying in that commodity. Rye futures were strong, and we understand that the President is inquiring of the Tariff Commission whether imports should be restricted again during the coming season.

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CHICAGO, 4

May 23, 1955

We had become accustomed to a corn disappearance of about 3.1 billion bu, and on that basis it looked very much, with the smaller crop, as though we might cut substantially into our reserves, but apparently this is not going to be the case. The below average disappearance of feed grains during the six-month period from last October through March was disappointing, particularly as smaller amounts of corn were consumed. The over-all picture reflects a situation by which there were record stocks of feed grains on April 1st, The total carryover into the 1955-56 crop-year is now expected to be about one-fifth larger than last year's record of 32 million tons, Total stocks expected to be carried over into the next crop-year will be equal to nearly one-third of the average feed grain production of recent years. As a result of big stocks of corn in the corn belt, total stocks on April 1st reached a new record of 2,115 million bu, or 6% more than the large stocks on that date last year. It naturally brings up the question as to what brought about a situation of that kind with the large number of animals on feed. One possible cause may be the fact that the Army is buying choice rather than prime beef and that animals are being fed to lighter weights. Also, we had a comparatively mild winter so that possibly less corn was fed to hogs. It is interesting to note that all of the increase in total corn stocks from a year earlier consisted of off-farm position corn.

The 705, mil.bu corn stored off farms was 186 million bu more than a year earlier, but of this quantity about 614 million bu was owned by CCC. Much less of the 1954 corn went under the price support program so far, but a much larger quantity of old corn was owned by the government or resealed, and, therefore, we could still have an artificial situation. By mid-April farmers had placed 185 million bu of the 1954 corn crop under loan and purchase agreement, which was considerably less than the 366 million bu that had been impounded during the same period a year ago. From all indications it looks as though a total of around 900 million bu corn is under the various price support programs, which is somewhat more than a year earlier. This might all make for a bullish situation were it not for the fact that government sales are continuing and offering competition with the free supply.

Before our market opened there had been reports of good rains, over the week-end although the moisture Southwest fell mostly Friday night and Saturday, but the corn belt received moderate to heavy precipitation, and there was also comparatively good rainfall over portions of the Dakotas. The forecast envisions further showers in the Northwest, mostly in the central and eastern portions by afternoon or night, and this was regarded as more favorable as dry weather complaints had already started in spring wheat areas.

The corn market opened somwehat lower and we heard that river bookings over the week-end were heavy. Barge corn on somewhat higher bids apparently brought out considerable country sellinf of corn. The USDA plans to use 30 more ships which are on the east coast for emergency grain storage. This will be used primarily for the 1954 crop wheat now being taken over under the price support program. Plans are to have the additional storage available by late June. The wheat apparently will come mostly from the Chicago and Minneapolis areas. At the beginning of the year approximately 72 million bu CCC-owned wheat was already in emergency ship storage, so that with the additional amounts now under loan, the total will be approximately 100 million bu stored in a total of 452 ships, which are at four east and west coast locations at the end of the take-over time.

The wheat visible showed an increase of 3,020,000 bu, with total stocks in all positions 339,537,000 bu. The corn visible decreased 973,000 and oats 998,000 bu. There was a small decrease in total bean stocks, with only 1 1/2 million bu in all positions. Chicago wheat stocks decreased 173,000 bu, leaving 6,252,000 bu here, while corn stocks decreased 227,000 bu, leaving 9,177,000 bu in this market. Oat stocks increased 161,000 bu, giving us 829,000 bu held here, while rye stocks were down 132,000 bu, leaving 4,884,000 bu. Beans decreased 25,000 bu, leaving only 399,000 bu here.

Markets were rather inactive with somewhat lower prices being registered in most pits. Rye was higher, probably because of the Presidential study that has been ordered to see whether or not restrictions on imports should be continued for another year. Corn bookings over the week-end were fairly heavy, with the result that there were some hedges put into the market. Lower wheat prices reflected improved moisture conditions, and according to The Southwestern Miller purchases of flour for replacement made up practically the entire run of business. Even with low balances hard winter wheat users were holding purchases to the absolute

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CHICAGO, 4

May 24, 1955

In a good deal of thinking, price has been regarded as the main factor in the farm income equation. This, however, is a fallacious argument because in an extreme case where we have a crop failure in some commodity and the price rises to unprecedented heights, the producer is by no means compensated for his loss, and, indeed, he is not nearly so well off as he is in years of bountiful production even though he may get less per unit for his crops. In recent years there has fortunately been a change of emphasis and much has been done along educational lines to improve soil conditions, prevent erosion, and in general to preserve the heritage of our choice land through use of fertilizers and other modern techniques. It has been found that just as with the human mind, no less our soil responds wonderfully well to good tillage practices. After all our human resources are the nation's greatest asset. Rural people have long been custodians of our largest heritage and our precious freedoms. They are the seedbed for the nation. Little wonder that we have turned our attention more and more to developing new crops and attaining better quality of old ones. Only in doing that can we build a strong and stable agriculture so that farmers may make their full contribution to the national welfare.

Before our market opened this morning the weather map was again viewed as it has been in the past and an unsettled condition is still with us. There were showers over portions of Kansas, Nebraska, Iowa, and east of the Mississippi River, also over portions of Montana. The five-day forecast calls for as much as 1/2 inch rain in the Dakotas, and this is all to the good as spring wheat crops have already responded according to the rainfall received. Crops in those areas are a little late according to the Peavey report across the northern third of North Dakota and Minnesota. Lack of rain has resulted in further deterioration of crop prospects in South Dakota, but, of course, that State is less important than its northern neighbor.

Somewhat higher prices were paid for wheat at the opening, and considerable attention is given to the present price level as compared with the likely loan, which is apt to cause heavy impoundings again next season.

According to Broomhall private estimates of the Argentine corn crop are for a yield of about 138 million bu compared with 185 million bu last year. The exportable surplus is calculated at about 27.5 million bu. This is better than had been expected early, but is still small in comparison with other years. Shipments in the crop-year ending March 31st were slightly over 77 million bu. It is doubtful whether the American exports of corn will be helped much through their deficiency, as there are still other cheap feed grains, such as Canadian barley, etc. It appears that our corn market has become more of a domestic affair with disappointing amounts fed, which in all probability will result in a year-end carryover of about 1 billion bu vs 920 million bu at the start of the season. This is an official calculation and would be a record reserve for all time. Oat stocks on July 1st will also be heavy, the carryover being reckoned at 325 million bu vs 233 million last season, while the barley carryover of 135 million bu would compare to only 71 million bu at the beginning of the season.

The Chicago corn-hog ratio last week was 11.7, a little better than the week before, and compares with 16.5 a year ago.

Primary receipts of wheat amounted to 1,380,000 bu which compared with 1,745,000 bu last week and 1,270,000 bus last year. Kansas City and Minneapolis stocks so far this week show a total increase of 215,000 bu. Here in Chicago contract stocks of wheat are 4 1/2 million bu -- a slight increase during the week's time, and included in this is 1.1 million bu of #1 and #2 red winter wheat.

The wheat market was firm during most of the session, although there were a few minor reactions. No inspiration could be derived from any improvement in the milling demand, as according to The Southwestern Miller, business remained almost stagnant on all types with one or two exceptions. Nevertheless, the country is not apt to offer much wheat after harvest at present price levels, and with large quantities impounded from previous seasons there is bound to be a fairly good demand as a number of holes have to be filled up. We presume that export business will come largely from government supplies.

Corn finally paid some attention to the better sentiment in wheat, and there were advances. The trade was very dull and many of the brokers were sitting on the edge of the pit waiting for a better business to develop.

There was a little buying in July beans, and that future closed higher, but the deferred months were neglected, and generally speaking our reports from downstate tell of satisfactory crop conditions.

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CHICAGO, 4 May 25, 1955

If we are to get a bull market in corn it will have to come almost entirely because of artificial factors. As we pointed out yesterday, the carryover in corn is apt to be a billion bu next October, which would set a record for all time. In fact, stocks of each of the four feed grains are mounting to record levels this year. It is difficult to say just what caused the smaller amount of feeding, despite a 3% gain in the number of grain-consuming animals. Nevertheless, it is an established fact that the use of feed grains has lagged behind last year, and possibly the mild weather last Fall allowed livestock to salvage large amounts of fallen corn. We also pointed out that beef animals are not being fed to the same heavy weights, possibly for the reason that the demand is more for choice than for prime beef, particularly by the Army. It is possible that feeding may pick up during the remainder of the season but the total is very apt to be slightly below last year. Estimates now indicate that we shall have about 38 million tons of old feed grain on hand when the current feeding year starts. This would be, roughly, 6 million tons above last year's record carryover.

There has been no estimate yet as to what the reserve supply of sorghum grain will be but the USDA figures that it will be above the 1950 record of 60 million bu. The story is not finished here as many farmers who will take land out of wheat and cotton because of marketing quotas are shifting to feed crops. There will be no forecast of the production until summer but it can be stated at this time that the season is getting off to a good start. The general U. S. crop report issued for May states: "Excellent growing conditions in the main feed grain areas now dominate total crop production prospects for 1955, despite early season setbacks in some parts of the country." We had a message this morning from Minneapolis which said that a well organized campaign headed by their Governor and Northern States Senators is advocating affirmative votes on the referendum. It is being pointed out to the farmers that it is to their advantage to have acreage allotments in preference to automatic reduction in parity. The Secretary of Agriculture seems to be taking a strictly neutral position in the June 25th referendum of wheat farmers. However,he points out that if controls are adopted he does not expect price supports to drop disastrously. By this he meant that prices would not fall as low as the legal minimum of 75%, and it is our understanding that terms of the loan will be announced before the actual time of voting.

According to state bulletins about 80% of the corn crop has been planted in Illinois compared with over 85% at this time a year ago. The soybean crop is 55% planted compared with two-thirds completion at this time last season, but an average of a little over 40%. In Iowa the week just closed has been warm and dry. All parts of the State report subnormal precipitation during the past week. Most stations reported no rain during the period. In Kansas moisture conditions were greatly improved over the western half of the State, and this it is said will greatly benefit wheat during the important heading and filling stages and will partially revive crop in northern areas. However, most of the crop has already suffered considerable permanent damage from general shortage of moisture and high temperatures.

Broomhall's Foreign Crop Summary spoke of a number of sections in Europe reporting increased need for moisture, but complaints thus far have not been serious, although more pessimistic advices will materialize if conditions do not improve shortly. It has been unseasonably cold in France, and crops are now backward and plants have lost color. Final yields may be below recent expectation.

Primary receipts of wheat were 1,3 million bu, a little less than last week, compared with about 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 453,000 bu.

Trade was not heavy, although in wheat there may have been a little more volume than yesterday. Locals bought early on the assumption that wheat prices were still low in comparison with the loan, but there was not much help from the outside, and when a favorable weather forecast was published best prices did not hold. Flour business was dull, as it has been for several weeks.

Apparently there was some hedging in corn, and prices were reactionary at times, but there was no other feature except the general situation to which we referred earlier, and consequently not much inspiration to trade. Bean prices sagged, but the July future still maintains a good premium over later months.

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CHICAGO, 4

May 26, 1955

We feel a little remiss in that we have never written much about hay, which after all is produced in every state of the Union, and the acreage is larger than that of any other single crop except corn. Hay of good quality is a complete feed. Some farmers, including dairy farmers, feed nothing but hay during the months when pasture is limited or unavailable. The more general practice, however, is to supplement hay with grains and feed concentrates, such as oilseed meals in order to fatten animals more rapidly, and in the case of dairy cows to increase the milk flow. Whenever we have a small hay crop either due to drought or excessive rains it almost automatically stimulates the demand for feed grains and feed concentrates. Thus the status of the hay crop in the various parts of the country is important to those who are interested in feeds. According to the last government release hay crops prospered during April because of favorable soil moisture in most northern and northeastern parts of the country where prospects surpass those of a year ago. However, growth in western states was delayed by cool weather, and in parts of Kansas, Oklahoma, and Texas early alfalfa growths reflect some March freeze damage. The May 1st condition of 85%, which is average, points to a larger than average 1955 total hay tonnage from the large prospective acreage. Pasture condition of 79% on May 1st was a point below a year ago and 3 points below average. Most hay is consumed on the farms where it is produced and harvest is concentrated in June, July, and August when other farm work is heavy. Weather and timing are important factors in making a good hay crop but with the wonderful rains that are now being received almost everywhere, it is pretty certain that the prospects for a big crop have become enhanced.

Our wheat market opened somewhat lower as the result of heavy and rather general rains which had fallen overnight. There was a deluge of water over many southwestern sections, many points recording 2 inches or more. There were also showers and thunderstorms over portions of the corn belt and portions of the Northwest. A newsitem from Minneapolis spoke optimistically of the rain which began in North Dakota Tuesday night, spread into northern Minnesota yesterday, and is expected to cover most of the upper Midwest today. Should that happen it will disperse the shadows which the prolonged spring dryness had cast over crop prospects in those areas. Generally lack of moisture had not damaged crops but rains were badly needed for their development. The map is still unsettled and more showers are likely for many sections of the country.

Soybean planting in the main belt is now well along, although somewhat spotted. Another factor to be watched is the disposition of the beans presently under loan. As of April 15th nearly 6 million bu had been redeemed of the 41 million that were under price support. The American Soybean Association said that there was no solid indication at USDA as to the number of beans that might be delivered to CCC in satisfaction of loans. However, the estimate of deliveries runs between 15 and 20 million bu, but in this commodity it should be constantly recalled that the farmer does not have to redeem his warehoused beans in order to profit by the higher market value, as CCC will pay him the difference on the day of default between the loan price and the market.

Primary receipts of wheat today amounted to 1,240,000 bu, which was identical with last year and compared with 1,575,000 bu last week. Kansas City and Minneapolis stocks so far this week show a total increase of 464,000 bu.

Our wheat market has been largely local in character, and without help from the outside there were general declines this morning, although there was not much pressure. The Kansas City and Minneapolis markets were comparatively firmer, and cash premiums in the Southwest were a few cents higher owing to the wet weather, which will delay harvest in some districts, and millers apparently were paying higher prices. This may slow up the adjustment between old and new-crop positions. Flour bookings were small, and only a few PDS bookings were in evidence. There was a report that Russia had bought all surplus cottonseed oil, peanut oil, and linseed oil at Rotterdam, which cleaned up the surplus hanging over the European market. This had some influence on beans, although it did firm the oil markets even more. Corn was very weak, and the feed situation generally does not offer much encouragement to buyers.

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CHICAGO, 4

May 27, 1955

Secretary Benson will deliver an important address this evening before the Kansas Wheat Improvement Association at Hutchinson. We feel sure that, as usual, his talk will be constructive and optimistic, but nevertheless, he must face the fact that, despite the limitation of acreage in wheat to 55 million, which has been painful to many farmers, and which is the minimum that could be proclaimed under existing law, we are going to reach an all-time high carryover reserve at the end of next month of 1,030 million bu. This would represent an increase of 128 million bu over a year earlier. We must also be prepared with even the smaller crop in prospect to have a carryover reserve one year hence of 950 million bu, which would be a reduction of only 80 million bu from the carryover of 1955. While this would represent the first decline in several years, it is still a long path to normal reserves of about 250 million bu, which was formerly considered sufficient.

Mr. Benson, as everyone else in the Department, is fully aware of the fact that current wheat exports are possible only through subsidies, which have been averaging about 80¢ per bu, and during the 12 months ending March 31st, this program has cost taxpayers approximately $200 million. The hard fact is that we are not meeting world wheat competition except through bounties. We must also recognize that storage costs on wheat alone are approximately $200 million a year, and that the government will have invested in wheat some $2.6 billion, which is a great deal of money tied up in an operation which has brought about great accumulations. The government on July 1st will own nearly a billion bu of the prospective wheat carryover and will not be permitted to sell it domestically except at very high prices. Therefore, the only outlet is through exports, which may mean further losses. A program of price supports permitted farmers to place about 49% of their wheat grown in Kansas and eight neighboring states under the loan. In terms of bushels the government took title to 95 million bu white wheat, 204 million bu hard winter wheat, 88 million bu spring wheat, and 90 million bu soft red winter wheat. All this brought about artificial tightness, but by the same token it put wheat into storage rather than into human stomachs.

The overnight rains were quite good in the Northwest. In North Dakota precipitation was heavy at Dickinson and Jamestown, but probably of greater importance is the rainfall in South Dakota with Pierre having received 1 1/2 inches. This point lies in the central part of the State, while to the east at Huron there was 2 1/2 inches moisture, and at Souix Falls in the southeastern district there was more than 2 inches. Thus we have had quite a turnabout in weather, and the five-day outlook is also quite favorable. It would be a relief now if the water could be turned off in some of the southwestern areas where previously they had been drought-stricken, but apparently some further rains are likely during the next few days.

The U. S. wheat and flour exports, according to Broomhall, were 2.7 million bu during the week, and since July 1st have totaled a little over 230 million compared with 172 million a year ago. Some rather strenuous competition comes from France, that country having shipped about 90 million bu since August 1st.

According to the National Soybean Processors Association, a possible carryover of 20 to 30 million bu soybeans may be possible on October 1st, according to current statistics. The largest previous carryover at the end of the 1943-44 crop was 14 million bu, but in recent years the largest reserve stock was 10 million bu obtained from the 1952-53 crop. Soybean planting is advancing rapidly under splendid conditions. Seeding is earlier than usual. With good moisture conditions the outlook is bright. In some areas planting is 80% completed, and more than 60% for Illinois as a whole. Good germination is noted in early-planted fields.

Statistics did not count for much. Kansas City and Minneapolis stocks so far this week increased 421,000 bu. When the visible is posted Tuesday, it will compare with a shrinkage of 2 million bu last year.

Corn prices were quite weak, despite some buying of the July by an elevator concern. This had some influence on oats, while in wheat good rains in the spring wheat area brought in some selling. It looks like showers or continuous rains in Alberta today and western Saskatchewan tomorrow, which is not good. Temperatures will drop to a few degrees above freezing. Flour business was still very slow. Beans were firm for a while, but finally weakened. More attention was paid to the weakness in meal than to the firmness in oil prices.

Secretary Benson at his press conference today described much of the wheat now held by the government suited better for feeding than milling.

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CHICAGO, 4

May 31, 1955

Agriculture has come a long way during the past two or three decades, and during the past ten years alone industry and agriculture working together have doubled the use of fertilizer. During a slightly longer period much was accomplished through power mechanization, while hybrid corn on farms is almost a universal practice these days. We feel, however, that much can still be done. The average corn yield for the country last year was 37 bu and at the same time there were corn fields that produced more than 240 bu corn per acre, according to the Department of Agriculture, so that further improvement is still likely. We know that our crops are still menaced by some 30,000 known diseases. We know that we lose 10% of our meat production through livestock diseases and parasites. We also realize that rodents and insects damage grain which is enough to feed about 10 million hogs. About one-fourth of some of our fruits and vegetables spoil before they reach the consumer's tables. Unfortunately there are many sections of the country where rainfall is insufficient. In Virginia the 1949 census showed less than 3,000 acres under irrigation. Last year the total was over 16,000. Figures from other states show a similar trend. Mr. Benson mentioned recently that most farmers get only 35 to 55% efficiency out of irrigation water and he hopes that this can be raised to 75 or 80%, possibly even more. There was a note in a press release about a new wheat variety that can produce 60 bu to the acre, which would be a tremendous achievement as the average for the country is about 18.

Before our market opened this morning there was not much to guide it. The Santa Fe Crop Report stated that after considering the beneficial results of the recent rainfall and offsetting effect of the past freeze, and possibly Mosaic damage, there was still a possibility that Kansas would produce a wheat crop of 150 million bu. They also figure that with favorable conditions from now until harvest, there was a distinct possibility that Oklahoma would have a yield of 35 million bu. If improvement continues a potential 15-million-bu Texas wheat crop is in sight. On the other hand our own reports this morning on harvesting conditions for Texas indicated that wheat and oats yields were smaller than anticipated. There had been some fairly nice moisture in the Northwest, which, of course, is helpful, but it is still unsettled Southwest, with more than 1 1/2 inches at Kansas City and Independence since Friday, and this is not needed.

Our rye market opened a little higher due to an announcement that the Department of Agriculture had recommended that restrictions on imports of rye be continued beyond June 30th when present restrictions expire. Public hearings will be held on June 14th but meanwhile the Tariff Commission has undertaken an investigation on this subject.

Soybean crushings of about 20 million bu during April were no surprise. However, meal stocks on hand are only 113,000 tons vs 182,000 a year ago.

The wheat visible decreased only 267,000 bu, it still leaves a total of 339 1/4 million bu in all positions compared with 271 1/2 million last year. Corn decreased about 1 million bu, oats decreased 247,000 bu, probably the surprise coming in rye stocks, having declined 645,000 bu during the week, leaving 5.6 million bu in various markets. Here in Chicago there was practically no change in wheat stocks. Corn decreased 203,000 bu, leaving about 9 million bu here, oats increased 362,000 bu, but there is only a little over 1 million bu in Chicago. Rye stocks decreased 213,000 bu, and the 4.6 million bu here is a large percentage of the total visible. There was a small increase in the domestic bean stock, and the U. S. visible showed an increase of 202,000 bu.

Trade was rather slow today. There were early declines, a good many people who had been in the country over the extended holiday felt a little bearishly inclined, but we had a fairly good reaction before the end of the day, and the recovery in wheat also helped corn. Reports from Enid, Oklahoma, and other parts of Oklahoma showed disappointing yields. Everybody has known for some time that the early weather had been very poor. Flour sales over the holiday were small. We understand that while the wheat referendum is still in doubt that legislation has been introduced in the Senate to support the price next year at 70% of parity in the event of rejection. Parallel legislation has also been introduced in the House. Rye prices were firm, and it may be that more of our stocks in Chicago will be shipped to the Northwest. Bean loans mature today, but even defaults will not penalize farmers if the market is higher than the loan value.

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CHICAGO, 4

June 1, 1955

Secretary Benson spoke before the Kansas Wheat Improvement Assn. last week, and pointed out that according to the best estimate of the Department of Agriculture, the total U. S. wheat crop this year would be around 830 million bu. This would be a decline of 150 million from a year earlier, as the result of tighter acreage controls and serious drought in some areas. When adding the 1955 production to the carryover it appeared to him that total wheat supplies for the 1955-56 crop year might total 1 billion, 863 million bu. This figure is slightly below the total supply for the year earlier, but nevertheless is enough to take care of our foreseeable domestic and export needs for more than two full years. With full recognition of the tremendous imbalance between current supplies and prospective demand, he further stated that a basic question is raised relating to proposals for a two-price or multiple-price program for wheat.

In that connection the Secretary pointed out that about 1/2 billion bu are consumed for food domestically each year. The two-price program, stated in simplest form , is to give the farmer a high fixed guarantee, perhaps at 100% of parity for the 500 million bu used for food within the U. S. The rest of the annual production would either be supported at a much lower rate, or allowed to seek its own price level as it moves into export channels, and livestock feed outlets within this country.

We do not have space in this market letter to discuss all the pros and cons which Mr. Benson brings up, but we mention it briefly for those who would like to study it further. Copies of his talk made on May 27th may easily be obtained from Washington.

Before our market opened this morning there was not too much to guide it, except for beans, with the meal and oil markets opening lower, and this had some influence. As far as the weather is concerned, the map is unsettled and showery conditions remain with us with the likelihood of further precipitation in the Southwest, as well as in the corn belt by tomorrow. While the rains in Texas and Oklahoma did much to help the soil they were too late to bring about any appreciable improvement in wheat and most of the early harvesting returns are pessimistic. This may change, however, when the later fields are harvested in Kansas and Nebraska, as in those sections unquestionably moisture did more good. According to the Southwestern Miller, heavier export wheat purchases are expected in the next several days. In the absence of short crops in the other major wheat exporting nations or much heavier than anticipated demand on part of importing countries, it now appears that we may export around 260 million bu wheat in the coming season. This would be an increase of about 10 million bu over exports for the current year,which in turn are some 33 million bu above 1953-54.

According to Broomhall, weather conditions are favorable over most European countries, although moisture is needed in some. High temperatures have stimulated growth, but there are still some backward areas. It is now warm and sunny in France where crop development had been behind schedule. In any event, it does not look as though the early optimistic forecasts will be fulfilled. In Germany, indications are for average yields and warm weather is helpful. In Italy, moisture reserves are low, which creates uncertainties, and at present it is warm. Some rain fell in a number of districts, but only temporary relief was afforded, and good, soaking rains are still wanted.

Primary receipts of wheat today were just over the million bu mark compared with 1.3 million bu last week, and somewhat over 1 1/2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 171,000.

The wheat market was again extremely uninteresting, and for long periods at a time there was scarcely any trade. Flour demand remains inactive. No attention was paid to the strength at Minneapolis, with that market advancing several cents on light offerings. The spot premium for corn is still 6¢ over, and Chicago receipts today were light, with only 7 CCC cars here. There seemed to be a slightly better sentiment, and futures were higher, but volume of business was still slow. The oil and meal markets were disappointing. This brought selling into beans, and at the same time crop prospects are still regarded as good. Deferred months were weakest.

UHLMANN GRAIN CO.

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CHICAGO, 4 June 2, 1955

Our general economy seems to be on a very stable basis and we note that the last parity prices for various commodities are hardly changed from a year ago. In mid-May the index of prices paid for production goods reached the lowest level so far this year. At 274 the family living index was nearly 1% lower than at this time a year ago. In the schedule of food prices computed for mid-May, there was a slight decline, and it seems that the continued sharp increases in the retail price of apples and potatoes were more than offset by price declines for beef, chicken, cheese, flour, coffee, lettuce, and tomatoes.. All these factors figure in the general parity formula and are particularly important at this time of year owing to the fact that the wheat loan will be based on the parity price on July 1st. In announcing the 1955 minimum terminal and country support rates for next summer's wheat crop, it should be borne in mind that if parity is higher than $2.50, which was the August 1954 figure, then the rates announced on May 31st will be increased. At the present moment the variation would be only 1¢ a bu since the last parity figure given was $2.51. If similar discounts are used for the computation of red wheat as were in vogue a year ago, the Chicago loan figure would be cut about 18¢ a bu, or $2.36. A drop of 18¢ per bu would probably be instituted at Kansas City, making their loan $2.36 compared with $2.54 a year ago, and the Minneapolis loan would be $2.39 vs. $2.57 last season. This is somewhat tentative, but we doubt whether the final figures will show much variation.

Before our market opened this morning wheat prices were again lower, and, of course, this is the season of the year when very often-declines occur, as in normal times the trade expects pressure from the post-harvest movement, and for that reason it seems rather difficult to inspire much confidence at present even though values are far below the likely loan. We did, however, have a surprising estimate of the winter wheat crop given by Galvin, who forecast a reduction of about 20 million bu from last month, placing the prospective yield at 631 million bu. In view of the rains many had regarded a higher estimate as a possibility. There had been no previous estimates of the spring wheat crop, although the government had tentatively figured a yield of 177 million bu as an average estimate based on normal conditions. The private expert placed the figure at 208 million bu, which was more than had generally been expected, and it would give us a total yield of spring and winter wheat of 840 million bu if the present promise is fulfilled. This would be somewhat higher than had been regarded likely, but apparently more attention was paid to the reduction in winter wheat, and our market advanced after the figures were published. Galvin's estimate for Kansas was 128.2 million bu, Oklahoma 31.3 million, and Texas 11.1 million bu, all of these figures being considerably lower than the Santa Fe report, particularly the figure for Kansas.

A showery condition still persists but the rains Northwest were regarded as very favorable, while not too much moisture is expected Southwest, although there will be some precipitation over the corn belt west of the Mississippi.

According to Broomhall, U. S. wheat and flour shipments during the week were 3.7 million bu. The total since July 1st now amounts to 235 million bu compared with 177 million a year ago. Our corn shipments since October 1st are 54 million vs. 69 1/4 million a year ago, which is rather disappointing.

Primary receipts of wheat were 1.1 million bu, which was a little smaller than last week but compared with 792,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 104,000 bu,

Trade was not particularly heavy although in corn there was considerable liquidation of the September future and stop-loss orders were uncovered. Weather seems to be almost perfect and corn to the east of us is still cheaper than Chicago so that there has been a loss of confidence. Weakness in corn did not have much influence on wheat, as a good many people still feel that there may be artificial situations and that not much wheat will be sold after harvest. This might be particularly true in the Southwest where crops are so small. Beans were weak again and reports from the country are optimistic. Apparently another large crop is in sight.

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CHICAGO, 4

June 3, 1955

As this crop season draws to a close it is quite apparent that our wheat exports will not exceed 250 million bu, which is somewhat better than last season, but, nevertheless, shows a falling off from the post-war period, when we were shipping anywhere from 400 to 500 million bu annually to the needy persons in Europe. As those countries have become rehabilitated there has been an increased effort to get our grains into foreign trade channels. We have energetically moved surplus accumulations into consumption, both at home and abroad, on as large a scale as conditions would permit. In the case of wheat alone export subsidies have been averaging 80¢ a bu, and the cost to the taxpayer is about $200 million a year. Under broadened authority vested in the Department, agreements were signed with eleven nations for the sale of $226 million worth of surplus farm commodities for foreign currencies. Nearly one-third of that represented wheat, with 33 million scheduled for export under the program. It is expected that agreements to be signed shortly will cover another 13 million bu wheat. During the fiscal year covering shipments through September 1955, there might be 50 to 60 million bu of wheat and flour involved in deals of that character. All this is handled in a precautionary manner so that our normal exports are not being displaced. The President has been authorized to use surplus agricultural commodities in meeting famine and urgent relief needs in other areas of the world. Nearly 20 million bu wheat and wheat flour have been used for such purposes.

Laws have also been set up for the expansion of barter activities that may be employed by the Department of Agriculture. From July 1, 1954 through April 30, 1955, 45 million bu wheat had been traded for metals and other strategic materials for defense purposes. Thus it should be noted that the authorities have done everything possible under existing law and loan practices to reduce surpluses, and in spite of it all we shall have the heaviest carryover reserve in history, even though stringent production controls have been exercised. The accumulations acquired by government will have cost about $2.6 billion. It should also be noted that all this has been brought about during a period when the high level supports of 90% of parity have been practiced.

Before our market opened this morning there was not too much to guide it. The weather map is still unsettled and while moisture in the Northwest is very useful there are many areas in the hard winter wheat belt where they would prefer to have clearing conditions. The five-day outlook suggests more precipitation but combining of wheat in Oklahoma has made good progress even though rains fell over widely scattered points of that State yesterday, as well as in Texas. While the rains are not favorable for wheat they will at any rate re-establish moisture to drought-stricken areas and we are again getting most favorable reports with respect to the prospective milo crop, particularly from the farm lands of Texas. With the large increase in the irrigated milo acreage, Texas might raise 175 million bu sorghum grain, and if we add to this the amounts that may be harvested from other areas Texas could easily have a bumper crop. This, of course, would be a wonderful accomplishment for that State as wheat was a complete failure and it now looks as though the crop might yield only 12 to 15 million bu, according to recent estimates by reliable people.

Primary receipts of wheat were 1,193,000 bu which compared with 1,326,000 bu last week and 1,150,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 125,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase last year of 1.6 million bu. Primary receipts of beans today were 216,000 bu which compared with 145,000 bu last week, and about the same amount last year.

Trade was very slow. There was an early bulge in wheat, and of course, there is no real pressure yet, but, nevertheless, a good many people are impressed with the large carryover reserve, even though it is largely in government hands. On moderate selling, prices reacted particularly after corn and oats became weak, and there seemed to be a general lack of confidence. Milling demand is still very slow, while exports are hardly mentioned. Spot corn was quoted 6¢ over July, and there was no particular pressure from the country, although we understand there is a little more discouragement on part of producers because of the decline in the market. This might bring some selling, although previously it had just the opposite effect, and farmers held, being hopeful that there would be better opportunities.

Beans were a little lower, but when new-crop futures approached the previous season's lows there seemed to be some support.

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CHICAGO, 4 June 6, 1955.

The weather map had been pretty unsettled and wet over the week-end, but all portions of the country did not receive heavy rains. Rainfall was probably lighter in the Northwest than elsewhere but there was nearly 3/4 inch over the weekend around Minneapolis and probably lesser amounts in the Dakotas. The moisture in many parts of Oklahoma was unwanted, and we seem to be getting rather pessimistic reports from those sections of the country. For example, southwestern Oklahoma yields are very disappointing, and we should not be at all surprised if this were confirmed in the government report to be issued in a few days. Up to the present time only a small amount of wheat has been harvested in Texas. It is rather difficult to tell how much of it is going into the loan; in some sections about 30% is being sold but elsewhere the amounts are greater, and we have been advised that if the elevators continue to pay between $2.05 and $2.07, as is the case now, probably lots of the crop will be sold and only small amounts impounded. While the rain came unfortuately late, it is still replenishing subsoil moisture and will be wonderful for pastures, sorghums, and later crops, although we have stated on several occasions there is not much hope for the final wheat figures for Texas and Oklahoma to be anything but low, and the same is true of early fields in Kansas.

From abroad, Broomhall reports that warmth was favorable for crop development in Europe last week following several weeks of unseasonably low temperatures which had retarded growth. However, the rainfall continued rather light and spotty, and a number of countries were still complaining that the precipitation was insufficient. Spain and Portugal received needed moisture but France and Italy could now use rain. There has been little information regarding crop conditions in the Danube Basin, but recent advices, according to that expert have stated that Rumanian officials have been carrying on negotiations to sell wheat to a number of countries. Soil conditions seem to be mainly favorable in the Southern Hemisphere for plowing and wheat planting. Rains fell recently in a number of sections in Australia where they were most needed, and the precipitation has been fairly regular also in Argentina. It is naturally far too early to make any reliable forecasts of the acreage in either of these countries.

We hear very little of export business at the present time. Very often in the past the market received support during the early spring months against shipments that were to be made during July and August, but under artificial market conditions the trade is mostly from a hand to mouth basis. Japan bought 3 cargoes soft white wheat in the Pacific Northwest, but both Atlantic and Gulf business seems to be small and nothing much is being reported from day to day. An agreement between U.S. and Japan has been reported, providing for the sale of surplus agricultural commodities on basis of their currency. Sales included will be approximately 13 million bu wheat, about 3 million bu barley, also some rice, cotton, and tobacco.

According to information contained in the June Crop and Market Survey wheat harvest is now under way in Mexico and a yield of nearly 30 million bu is expected. This would be the second largest wheat crop ever produced in that country, exceeded only in 1954 by a small margin. The USDA points out that taking into account the last carryover of beans, plus this year's production, and allowing for domestic disappearance through end of April, also deducting exports plus 27 million bu for seed, there was a balance on May 1st for processing, exports, or carryover of 129.7 million bu.

When the visible supply of wheat was posted it showed an increase of 1,380,000 bu, and total stocks in various positions are 340 million bu compared with 273.2 million bu last year. Corn was almost a standoff, with 29 million bu in various markets. Oats showed a small increase to 13 million bu, while rye was little changed and soybeans increased 336,000 bu, but there is still only 2 million bu in all markets. Here in Chicago wheat was very little changed with 6 1/4 million bu in store. Corn decreased 470,000 bu leaving 8 1/2 million here. Oats increased 454,000 bu. Rye was little changed, and beans increased 250,000 bu, to a total of 680,000 bu.

Markets were not very active, and there was only a trifling amount of flour sold over the weekend. Both bakers and jobbers are continuing day to day policy of buying. Beans showed considerable weakness, and the new crop deliveries all went into new low ground for the season, but the July future remains relatively firm. Corn was without much feature, and despite fairly liberal CCC cars at Chicago, the futures market held well even with weakness in wheat. The crop outlook for both beans and corn is very favorable, but trading in these commodities is rather dull.

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CHICAGO, 4 June 7, 1955

We have no idea how the CCC keeps its books, and in fact, we were told that they have never had an outside audit, although we cannot vouch for that statement. It is difficult to say whether the shifting of grain from one locality to another is figured as a part of the expenditure of the corporation even though it may become necessary to avoid congestion as accumulations occur. We presume that losses of this kind are recognized. We know also that sales of products below their cost of acquisition have had quite a little to do with the poor statement during the past two years, and likewise the deterioration of stocks is an important item. Chances are that charges for processing items that are sold or given away, as well as selling and buying costs, are all reckoned in their financial sheet. In any event during the first nine months, ended March 31st, of the current fiscal year, CCC incurred net losses of $507 million, which is already well above the previous record of $419 million in the entire fiscal period of the year before. Undoubtedly a good part of the debt was incurred by storage charges, which are now running at about $1 million per day, which would be at the rate of $365 million per year. Inasmuch as our farm population comprises only about one-eighth of our total, Secretary Benson fears possible resentment against the piling up of surpluses and the costly support programs by consumers and other groups who along with the farmers themselves are financing CCC losses through tax payments.

Farmers will soon be called upon to vote on the wheat marketing quotas for 1956. The USDA has issued a pamphlet which everyone interested in agriculture should read. It may be obtained by applying to Washington for P. A. No. 269, and it points out to producers the various issues involved. Generally speaking, it is known that two-thirds of the votes will have to be affirmative for marketing quotas to continue in effect for another year. It may, however, not be known that in the event the referendum is approved, marketing quota penalties will apply on each bushel of any "excess wheat" produced on individual farms. Such penalty would be 45% of the parity price. It is further stated that the grower of excess wheat is not eligible for price support on his wheat. If marketing quota controls are approved the price support will be at a level between 75 and 90% of parity to each farmer who complies with his farm wheat acreage allotment, and depending upon the supply situation the support level will probably be within the range of 75 to 82% of parity. If the quotas are turned down the law provides for price support at 50% of parity to those farmers who comply with their acreage allotments.

There was light moisture in the Northwest and not much rain Southwest but the weather map is still quite unsettled, and according to the five-day outlook there may be quite a little precipitation during the period. The rains have slowed up combining of wheat in Oklahoma and Texas, and at Enid yesterday there were 213 cars wheat compared with well over 1,000 cars a year ago. Of course, the crop is a good deal smaller but adverse weather has also retarded the movement. In Canada there were serious delays in planting due to excessive moisture, and since that time many fields in Manitoba have been inundated so that the outlook for that country is not favorable. Manitoba, of course, is the smallest of the Provinces in wheat production but even in Saskatchewan and Alberta there have been some complaints.

Primary receipts of wheat amounted to 1.3 million bu compared with 3.3 million last week and 1.6 million bu last year. Kansas City and Minneapolis stocks are about a standoff so far this week. Contract stocks of wheat in Chicago are 4 1/2 million bu, of which 1,002,000 consists of #1 and #2 red winter wheat.

Markets were rather dull, but there was further short-covering in corn and local sentiment is a little more optimistic as the declines in the yellow cereal have been quite substantial. There was also some covering in beans. Wheat was higher on moderate buying, and was also influenced by the strength at Minneapolis. Nobody, of course, can predict the outcome of the wheat marketing quotas, but assuming they are voted down farmers will still have to comply with acreage allotments in order to be eligible for even the reduced price support benefits.

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CHICAGO, 4

June 8, 1955

To the casual city dweller farm life has become much more attractive because of the automobile, the radio, superior schools, paved highways, rural electrification, etc., but actually the advancement has gone so far beyond that point that probably a little explanation might be fitting even in a market letter of this kind. On our farms today we have millions of cars, trucks, and tractors. Agriculture uses more petroleum than any other industry. It uses enough raw rubber annually to put tires on all the cars produced in the country each year. It uses great supplies of electric power, chemicals, lumber, cement, aluminum, and steel. It even employs airplanes to spray and dust crops, to seed fields, and to map farm areas.

Thus it is important that we have a prosperous agriculture if our overall economy is to remain stable. Much has been said about the use of insecticides, fertilizers, and general improvements in technology. The production of wheat is more completely mechanized than any other agricultural operation. The plowing, the seeding,the combining, the binning, and even the trucking of the crop to the elevator are all mechanized. Furthermore, improved varieties and soil and water conservation practices have helped boost yields per acre. Little wonder, then, that in the space of a century and a half we have progressed from the point where it took, roughly, 4 hours to produce a bushel of wheat to the present era when it takes one hour to produce 4 bushels; in other words, the efficiency is about sixteen-fold improved. In the year 1800 it took about 370 hours of labor to grow and harvest 100 bushels of wheat; today the figure is 26 hours. Even in the past 50 years we have advanced to a point where it requires only one-fourth as much labor as it did 50 years ago. In this country, one person out of nine in our labor force is now engaged in agriculture, while in Russia about half the labor force is engaged in agricultural pursuits. Strides such as these are accountable for the piling up of our surpluses, and during the war we increased our efficiency about 30% over the prewar average. In recent years it has been running 40% above the 1935-39 period. For a time there was a hugh demand for our surpluses, but since 1952 European agricultural production recouped to a point where it is now nearing prewar levels. Thus the reduced requirements have had their effect upon all nations having a surplus.

On May 18th, the CCC investment in price-support commodities amounted to more than $7 billion. On that date they owned outright 958 million bu wheat, 588 million bu corn, 1.7 million bales of cotton, and about 763 million lbs of butter, cheese, and dried milk.

Weather continues somewhat unsettled and there was some rain reported in the Northwest. Chances are that by tomorrow night clearing conditions will prevail over most parts of the country. More often at this time of the year we worry when there is no rain rather than too much of it, but a few places in Illinois are now complaining that sunshine is wanted. In Iowa rainfall during the past week fell as showers and the amounts varied considerably within short distances. In general, however, reporting points in the central part of the state recorded 1/2 to 1 inch of rain. The extreme east reports mostly 1 to 2 inches. In the west where it had been extremely dry there were substantial showers over the week-end with many points reporting totals of 1 to 1 1/2 inches. There were, however, a few places within that area where precipitation had been very light. Crop conditions in Iowa are generally excellent.

Primary receipts of wheat were about 1 million bu. This was slightly less than last week, and somewhat less than last year. Kansas City and Minneapolis stocks so far this week show a net increase of 17,000 bu.

Trade was not at all active; in fact wheat was without feature. There seemed to be a little buying on the breaks, but also moderate profit-taking on bulges, with the result that net changes were insignificant. Flour business was generally quiet, but there was a slight increase in spring flour sales. Corn was inclined to be a little weaker after several days of covering, but there was no particular feature, although a little corn is being shipped from here to the Southwest, apparently to a processor. Beans were firm, and there is a little export business, but this is to be expected from time to time. There seems to be very little pressure on markets, and sentiment generally is a little more friendly. We feel that wheat can be bought on recessions, but base our conclusions entirely upon artificial factors. Rye was quite weak. We believe that as long as crop prospects for beans remain good it will be difficult to have sustained strength.

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CHICAGO, 4

June 9, 1955

It is encouraging to note that according to some observers the Hoover Commission's vigorous campaign to get the federal government out of competition with private enterprise is bringing results. Big government has had a mushroom growth in this country as evidenced by some statistics provided by the First National Bank of Boston in their letter of May 31st. In the last quarter of a century the number of federal workers has increased fourfold and federal expenditures eighteenfold. The estimated value of assets of government corporations and credit agencies, as of June 30, 1954, is placed at around $40 billion, and there are between 2,000 to 3,000 federal agencies which compete with private enterprise.

The federal government is the biggest lending and insuring outfit in the world, with their credit and lending operations expected to reach the combined total of $57.7 billion by the end of this fiscal year, June 30, 1955. The latter figure nearly equals the total loans of all Federal Reserve member banks. The government is in the insurance business on a broad scale, and in addition to competing directly with private insurance companies, government insurance covers risks not ordinarily insurable through regular private channels. The federal government is the nation's largest landlord, having title to land holdings exceeding 400 million acres, or more than one-fifth of the total acreage of the entire country. Also, included in government possessions are about 430,000 buildings, including aircraft hangers, apartment houses, atomic energy plants, barracks, dry cleaning establishments, garages, grain elevators, hospitals, office buildings, petroleum refineries, and post exchanges. According to the letter quoted above, not only is government competition with business detrimental to our best interests, but also there is confusion, duplication, and unnecessary multiplication of effort. The findings of the Hoover Commission reveal shocking waste and gross inefficiency, in addition to antiquated and slothful methods of accounting. While encouraging progress is being made by the Hoover Commission, it alone cannot do away with the far-flung activities of government that threaten the existence of our free economy and create unfair competition with business enterprise. It is the obligation of the American citizen himself to insure that the spirit of private initiative, which has been so largely responsible for the growth of our country continues to be the basis of our progress.

When our market opened this morning there was not much to guide it. Some fairly good rainfall had occurred over portions of the Northwest and Southwest, as well as in the corn belt. Harvesting operations in the Southwest have been delayed because of rains but clearing weather is looked for and it is expected that harvesting will be resumed. While the volume of wheat in the Southwest that has been moved to date has been relatively light, prices have been above loan levels, with the result that the wheat has been sold rather than put into storage. As the harvest progresses northward it remains to be seen whether prices will advance to the point where producers will be willing to sell.

Estimates of the soybeans that will be taken over by CCC run from 10 to 15 million bu, although only 6 million bu of the more than 41 million under price-support had been redeemed through mid-April. Beans under purchase agreement estimated at about 4 million bu are expected to be cashed in and sold ahead of delivery date. It is also thought that most of the farm-stored beans will either be held or sold by delivery date, leaving nearly all the CCC take-over to come from warehouse stored beans. The chief item of interest is what the USDA will do with the soybeans it takes over, and it is generally felt the one certain fact that can be counted on is that they will not carry over any soybeans into the new marketing year but will dispose of them in one way or another.

Primary receipts of wheat were about 1 million bu. This was slightly less than last week, and approximately the same as a year ago. Kansas City and Minneapolis stocks so far this week show a net increase of only 2,000 bu.

Markets were rather inactive, with no particular feature. Corn and beans at one time were quite firm on local buying and short covering, but best prices did not hold. Soybean meal was higher, while oil was somewhat lower, with apparently some back-spreading and profit-taking occurring. According to The Southwestern Miller hard winter flour sales remain on a spot basis with surprisingly few orders even for a week or two ahead. Spring flour sales have again slowed after a one-day spurt, and northwest mills will not be surprised at a stretch of dullness in new bookings.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 10, 1955

Expanding markets created by a rapidly growing population have been among the forces helping to carry the nation's economy to new highs. In addition, postwar population shifts from East to West, from farm to city, and from city to suburbs likewise have been an economic stimulus. Insofar as the effects on much private and public investment are concerned, these shifts in population probably have been as important as actual growth.

The shift from farm to city has been going on for a long time. At the end of World War I, 30% of the U. S. population lived on farms and by 1950 it was down to 17%. Now it is below 14%, and probably much lower if we exclude families living on farms just outside of the big cities and deriving most of their incomes from city jobs. Mechanization of agriculture, which permits large increases in output per worker, has made this kind of migration possible. Farm to city movement requires a big boost in capital invested in housing and community facilities with resulting increased business activity. The shift from city to suburbs has also been on a large scale. During the 1940's population of the country's 18 largest cities grew only 8%, while the surrounding suburban villages and cities grew by 24%, and unincorporated sections of the same metropolitan areas grew by 78%. This pattern is persisting today, and were it not for the migration from rural areas, particularly in the South, to the cores of the big cities, some of them might actually be losing on balance while their suburbs are mushrooming. The suburban boom is a vast stimulus to new investment since most public and private facilities must be built from scratch in the newer suburban sections.

The movement westward was stimulated first by employment opportunities in defense industries during the war and continues today partly because of jobs that still keep opening up in the vast developing electronic and aircraft industries in the West. Another big stimulus is the search for a more balmy climate, and both Florida and the Southwest, in addition to California, have benefited from the influx. The kinds of migration that have been taking place are apt to result in increased productivity and are evidence of a comparatively healthy state of economic affairs. Moreover, the very process of meeting the needs of a growing and mobile population is an important source of investment and consumer demand helping to sustain economic activity.

U. S. Secretary of Agriculture Benson in a speech given in Canada stated that there will be no glutting of world markets with U S farm surpluses. He affirmed that our agricultural export policy is based on three principles: namely, that we must compete fairly on the world market, that we must be competitive in quantity, and that we must give our customers abroad a continuous opportunity to earn foreign exchange needed to buy our products. In addition, the Secretary said that while U S wheat exports are expected to total about 250 million bu this marketing year, that actually this country's share of the world export market should be larger than that, and it is expected this total will be boosted by fair means in the years ahead.

When our market opened this morning there was very little in the way of news to guide it. The government wheat report for June will be released this afternoon, and apparently traders are awaiting this report, in addition to which there is probably some hesitancy in making new commitments before the results of the referendum on wheat marketing quotas will be made known later this month.

In the Southwest new wheat is moving on a moderate scale, but far below a year ago. Wet and cool weather has delayed harvesting operations. While it had been hoped that clear, warm weather would prevail the present outlook is for a continuation of wet and chilly conditions.

Primary receipts of wheat were 1,362,000 bu compared with 1,193,000 bu last week, and 1,565,000 bu a year ago. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 117,000 bu. When the wheat visible is posted on Monday it will compare with an increase last year of almost 5 millionbu.

In export circles it was reported that the U K had purchased parcels of corn for early July shipment from the Atlantic, and that sales had been made to Japan of 29,000 tons western white wheat, 20,000 tons Manitobas, and 10,000 tons #1 Canadian feed barley, all Pacific.

Yugoslavia was reported to have bought 3 cargoes hard winter wheat, 2,500 tons red winter wheat and 1,500 tons spring wheat.

Markets were all rather firm, particularly corn, with July gaining on the more deferred months. Volume of trade appeared to be quite light and outside interest in markets seems to be lacking. There was probably some evening up of commitments pending issuance of the government report after the close.

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CHICAGO, 4 June 13, 1955

Late Friday the June crop production report was issued, and a winter wheat crop of 639 million bu was estimated. This, of course, was not too much of a surprise based on a private forecast. Nevertheless, it is a very low yield, and indicates a wheat production for Kansas at only 123.7 million bu. The Oklahoma crop is cut to 29.7 million bu compared with nearly 80 million bu for the ten-year average. Texas, of course, is a failure crop with only 11.8 million bu in sight against 55.4 million average, so that pressure in the Southwest is bound to be exceedingly light. There were, of course, some recoveries in the red wheat states and Ohio has a prospect for 45.5 million bu, which is nearly as much as last year's crop, while Indiana should raise 35.1 million bu, Illinois 44.1 million bu, and Missouri has a prospect for about 40 million bu, or nearly as much as last year. Chances are that we shall have much the same pattern as a year ago when southwestern markets were strong in relation to Chicago. The report spoke of the soaking, general rains and better growing weather in late May over much of the nation. This improved the production outlook for the 1955 crop season, but, nevertheless, winter wheat prospects declined 14 million bu, or about 2% during the month, and apparently the rain came too late in the Southwest to really help. Prospects improved in the Pacific wheat areas, despite slow development there because of cool weather. Spring wheat seedings were mainly completed at favorable dates and a crop of 206 million bu is forecast, so that a total wheat production of 845 million bu is possible, which is only a minor cut from the month before. Nevertheless, if present promise finds fulfillment, we shall have 13% less wheat grown than in 1954, and a cut of about 27% from average production.

There was another item of interest which the trade had to face. Secretary Benson almost immediately following the release of the June crop report announced that the minimum national average support price for the 1956 crop would be $1.81 per bu if the quotas are approved in the referendum on June 25th. Should an adverse vote be cast under present legislation the market would drop to 50% of parity and would be only about $1.19 a bu based on present parity estimates. It seems reasonably likely, however, that farmers will approve the referendum, in which case there would be a loan next year of $1.81 per bu, as mentioned before. Under the shift to the new formula, which begins with the 1956 crop, wheat parity will decline by 5% next year. That would bring transitional parity to $2.38 a bu. The government has used these levels in determining the minimum national support price for 1956 but we mention it as otherwise the new figure would seem to be out of line to those who are using earlier computations. All details on the basis for determination will be made known to farmers some time next week.

We had word from our Kansas City office that very little harvesting had been done over the week-end in southern sections of Kansas and Missouri. The weather map is still unsettled and more rain is indicated. Harvest is about 50% completed in Texas.

According to Broomhall, conditions are favorable in the U. K. Weather is now warm following good, general rains. In Spain one official estimate placed the prospective wheat crop at 119 million bu vs. 168 million last year, and 113 million two years ago. A normal crop for that country is around 150 million bu. In Italy an unofficial estimate places the wheat crop at 298.6 million bu vs. 268.1 million last year and 338 million bu two years ago. Home requirements are calculated at around 330 million bu.

The wheat visible supply showed an increase of nearly 1/2 million bu, and total stocks of 341 million bu are about 63 million bu greater than last year. Corn showed a fair decrease of 1.1 million bu, oats declined 495,000 bu, and beans increased 255,000 bu. Here in Chicago wheat and corn stocks were practically unchanged; oats increased, but there were no significant changes elsewhere.

Wheat responded about as one would have expected. The deferred months were influcned by a much lower loan for next year's crop, but the probability of heavy impoundings and small yields in the Southwest inspired some buying of nearby months. There was no pressure on the market and only small hedges because of slowed-up harvest, but milling business is still pretty much of a day to day business. Beans were strong and so was rye, as a substantial cut from the month before was indicated by the government rye report. They are now forecasting 25.7 million bu rye compared to 21 million bu average; last year's crop was 23.6 million bu.

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CHICAGO, 4 June 14, 1955

In the General Crop Production Report, released on June 10th, AMS makes some interesting comments on corn and other feedstuffs. They say that in the corn belt the condition of corn is good and that stands are better than usual, with fields generally clean. Soil moisture supplies are rather generally satisfactory after the good rains in late May. The 1955 corn crop was nearly all planted by June 1st, although a small portion of the planting was delayed by dry soil in Pennsylvania, Nebraska, South Dakota, and by wet soil in Kentucky, southern Illinois, and Arkansas. The hay crops were held back by dry weather in some areas and frost damage and cool weather in others, with resulting serious reductions in early growth. Late planted sorghum or other forage, as well as various substitutes, must be relied upon to offset the reduced tonnage of early cuttings. Pastures have been slow in starting and may still show scars of over-use during last year's drought. The June 1st condition of 78 is 2 points below a year ago and 8 points below average. On the other hand recent rainfall could quickly improve pastures throughout large areas.

Our agricultural problems must be viewed both from point of view of immediate requirements, as well as increasing demands of the future. At the moment surpluses are plaguing us in many commodities, principally wheat, cotton, and some dairy products. However, for the longer pull population growth will necessitate a good deal of planning and enlarging for the next two generations. According to the experts by the year 2000, the population of the U. S. may well exceed 250 million persons. If that is the case demands for food and fiber even at present per capita rates would increase the demands for agricultural products by more than 50%. Secretary Benson has pointed out on several occasions that even with some reductions in farmers' realized net income from agriculture of about $4 billion from the best levels in 1947, there is still a good deal of optimism. Actually producers are showing more faith in the future of agriculture than many of their self-appointed spokesmen. As of March 1, 1955, total market value of all farm real estate, including land and buildings, was estimated at $91.3 billion. That figure represents an increase of $2.2 billion over the estimate for a year earlier, and is only $2.4 billion below the all-time peak reached in 1952 at the height of the Korean War. At that time many people were actively buying land as an inflation hedge. A situation of this kind does not gibe with those forecasts that the farm economy is tottering, and that producers are in bad straits. Instead it seems to demonstrate that the strength in land farm values tells its own story: namely, that American agriculture is fundamentally sound, and that farmers are aware of it.

Primary receipts of wheat amounted to 1,292,000 bu compared with 1,334,000 bu last week and 1,962,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 115,000 bu. Stocks of deliverable wheat in Chicago are 4 1/2 million bu, and included in this amount is 814,000 bu #1 and #2 red wheat which compares with 2 1/2 million bu last season.

Markets were mostly on the easy side. Rye had been bulled yesterday because crop prospects have declined 12% since last month due to dry weather damage in the main producing states. However, the estimated outturn remains almost one-quarter larger than average. The import quota for the marketing year was set at 3.3 million bu, and it was practically filled within a fortnight. Some people have been bullish on rye because of this factor, and the possibility of imports being restricted again this coming season. It should be pointed out, however, that 3.3 million bu which comes mostly from Canada, is larger than the amounts actually imported in five of the past ten years. Most calculations are made basis the 1953-54 season when Canada shipped a much larger quantity to this country. Wheat reacted a little, but there was no great amount of pressure, and hedging is very light for this time of the year. The truth of the matter is that crops in the Southwest have turned out badly. July wheat gained again slightly on the deferred months. Reports from Saskatchewan, Canada, the largest wheat producing province, were not optimistic, and a wheat condition of 152% is forecast vs 155% last year, but a small acreage. Corn reacted, and apparently shorts had covered previously, while there was no important investment buying.

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CHICAGO, 4

June 15, 1955

Secretary Benson spoke before the Canadian Federation of Agriculture at Regina, Saskatchewan yesterday. He pointed out something that has been fairly well known for the last few weeks: namely, that on July 1st our wheat carryover will reach a record high of 1 billion, 30 million bu. This is 128 million bu above the reserve stock of last year, and this came about even though we had acreage allotments and marketing quotas in effect. He went on to say that the government will own about a billion bu of this carryover.

A condition of this kind is very apt to bring about an extremely artificial situation, to say the least. Mills in the Southwest that have habitually ground hard wheat for bread may find it difficult to obtain supplies even with these tremendous stocks held in government hands. We must take into account that, according to the last government report, the four important winter wheat states, comprising Kansas, Oklahoma, Texas and Nebraska, had a prospect for a combined winter wheat crop of 217.5 million bu. This would compare with 415.3 million bu, the ten-year average in the years 1944-53. Thus the crop in those four states is nearly 200 million bu below normal. In past years there has been as much as 50% of the crop placed under loan, and while the percentage may be somewhat less this season, we are bound to have fairly heavy impoundings. Thus hard wheat could actually become a scarce article unless the government would swap some of its own holdings for other grades. They do have this authority, and it may become necessary for them to take such action unless the eating habits of the American public are to change. There is always a chance of a certain amount of red wheat being admixed with hard, but it would seem, at least to this writer, utterly ridiculous to keep in sterile account a huge surplus of wanted wheat which in time might deteriorate. We realize that the government will probably export some of its accumulations of hard wheat, but what we are trying to say at this time is that the distortions may become very great by the continuation of a program which is tying up $2.6 billion of taxpayers' money and costing an additional $200 million a year for storage costs.

We are aware of the aims of government. They have again proclaimed a national wheat allotment of 55 million acres for 1956, which is a cut of 23 million below 1953. On Saturday of next week farmers will decide by referendum whether or not marketing quotas will again be in effect next year. Their decision is a difficult one as either alternative seems fraught with certain handicaps, insofar as the farmer is concerned. The greatest evil, in our opinion, would be to create a scarcity of certain grades of wheat, thus forcing less desirable mixtures into the diet. Naturally no one would starve nor suffer hunger.

There was some rain again Southwest. This is naturally favorable for the sorghum crop in Texas. Generally speaking, very little harvesting was done yesterday in Kansas. We heard of a few scattered fields of early wheat that were being harvested around Great Bend and Salina. For the most part it is still cloudy and more showers seem likely. The Nebraska weekly crop report spoke of marked improvement in the general crop outlook since June 1st. Cool, wet weather has been ideal for small grain crops and for filling. Nevertheless, yields in the drought-damaged fields will be low. The general outlook for corn is very good. In Iowa 90% of the corn had been cultivated at least once, which is the greatest progress for this time of record. Soil moisture in Illinois is now at its highest level since the 1951 season as the result of last week's rains.

Primary receipts of wheat amounted to 1,165,000 bu against 1 million bu last week and 1,874,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 57,000 bu.

Markets were again very featureless and of a most uninteresting character. On the early dip in wheat there seemed to be a little buying with no hedging of importance coming into the market. Flour sales were moderately improved, but this had little effect. Ireland was reported buyer of 1/2 cargo of corn, Norway also made moderate purchases, and there were a few parcel lots sold to the U. K. However, few hedges seemed to be lifted, but there was some buying on the break, which must have been speculative trade as the cash basis was slightly lower, although country offerings were light. There seems to be more offered on moderate advances. Beans were firm, but trade was small, and there was no special news.

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CHICAGO, 4

June 16, 1955

The U. S. and Canada have much in common. Both are vast agricultural empires, both are very competitive in wheat export markets, and both countries have amassed huge surpluses through artificial price supports of one kind or another. Nevertheless, Secretary Benson comments that wheat is our biggest headache and we presume that the same is true in Canada since farmers in that country will receive the lowest price since 1945 for wheat delivered to the Board in the crop-year 1953-54 upon which final settlements are now being made. The price will net the producer 27¢ a bu under the 8-year average. During the 1954 calendar year trade in agricultural commodities between our two countries totaled about $600 million. We sold them $300 million worth of agricultural products, and they sold us about the same amount. Thus it is that we complement one another in our trade relations. The Canadian market is our best outlet for citrus fruits; other fruits and fresh vegetables, as well as vegetable oils and fats, while soybeans, corn, and cotton are big items. They get about 60 to 95% of their raw cotton requirements from here. We in turn are a good consumer of their live cattle, meat, and meat products, feed grains, and mill feeds, as well as seeds, malting barley, and seed potatoes.

Mr. Howe, Trade Minister in Canada, seems to have lost a good deal of his optimism about government wheat marketing. In Parliament last week he painted a gloomy picture and offered little hope of clearing Canada's overloaded storage before the new crop starts rolling. With virtually a crop failure last year they are still having difficulty in moving grain carried over from previous seasons. As one Canadian paper points out, it is going to take them two years and more to sell one season's crop, and goes on to say that it is a pretty thin future that faces the Prairie farmer and a large segment of the nation's economy that depends on the movement of wheat.

Before our market opened this morning there was a considerable amount of news. The USDA announced that it would offer for sale more than 10 million bu government-owned soybeans through the Department's Chicago and Minneapolis Commodity Offices. More specifically, the Chicago Office has announced that it would make available for sale, preferably at the point of origin, soybeans which had been acquired in satisfaction of 1954 loans. Beans will be sold at market price with CCC reserving the right to withdraw from the market at any time. The Chicago Office estimated that it will acquire approximately 6 million bu warehouse beans and about the same amount of farm-stored beans. Over 90% of this amount is located in Iowa, with lesser amounts in Illinois, Indiana, Ohio, Kentucky, and Michigan. Warehoused stocks are expected to be offered in ten days or less. It is little wonder that the bean market opened lower and affected other commodities on the Exchange.

However, there had been very heavy rains reported over southwestern areas, which no doubt will interfere with harvesting operations that had previously been delayed. Excessive rainfall occurred over the southwestern winter wheat belt area, with a downpour at Oklahoma City accompanied by hail, and high wind, and as much as 3 to 4 inches of rain in many parts of western Kansas. There were also a few light showers Northwest, while over the corn belt generally fair weather prevailed, except some rain in Nebraska. Apparently scattered showers will occur again tonight and Friday over Southwest regions. The same for Iowa and Nebraska tonight or Friday.

Primary receipts of wheat were 1,140,000 bu against a little over 1 million bu last week, and 1,792,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 614,000 bu.

During the session there were reports of some rains in Kansas, with a hard downpour at Hutchinson. Besides delaying the harvest it brings up the question as to whether there will be a large amount of wet wheat after cutting is resumed. This might change some calculations on impoundings. Of course, it is a little too early yet to come to definite conclusions. We think some of the weakness today was based on this factor, as well as the sharp decline in July beans.

Trouble seems to be brewing in Argentina; three bombs were exploded near the government palace in the heart of the City, and a radio announcement said that the revolutionary movement had taken possession of a government house. This was not fully confirmed as all cable companies at B.A. had refused to take messages, and there were delays in obtaining telephone calls to foreign cities.

Corn was likewise weak, although pressure from the country was light.

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CHICAGO, 4 June 17, 1955

Chemurgic developments, particularly those pertaining to agriculture, could have a tremendous bearing on our various feeding programs in the future. It has only been in recent years that urea could be manufactured synthetically. At first it was the DuPont Co. only who had the formula, but it now seems that three other large companies are engaged in the manufacture, which apparently is relatively simple. It requires air, natural gas, water and power and the substance when complete is crystalline in nature, and looks very much live sugar. The important thing is that to the best of our knowledge in the past year the amount of such synthetic urea used contained as much protein as was obtained from meal extracted from 15 million bu of soybeans. There are some extravagant forecasts being made for the future, but we are told by one authority who is generally conservative that there may be enough urea produced in the next year or two to double this figure. Thus if we raise a bumper soybean crop the situation for the future could be quite different from the past when carryover reserves of beans from one season to the other were next to nothing, and when as a result we often had extremely high prices at the end of a crop year when the trade was awaiting the arrival of new suppli

They had more rains overnight in the Southwest, and the five-day forecast suggests continuation of unsettled conditions, with an inch or more pretty generally scheduled for the territory. This, of course, is delaying the harvest and might mean that a good deal of wheat will contain high moisture content unless we get some dry weather soon. Should there be smaller quantities eligible for the loan, all calculations might be changed. Therefore, it is difficult to make any positive predictions at this time. A good many people are awaiting the outcome of the referendum to be held a week from tomorrow. In our opinion, the results will have a little more influence on the deferred month than the nearby. With a crop of 845 million bu that is in prospect for both winter and spring crops, the important thing, in our opinion, is the farmer's disposition of his grain. Should he elect, under proper conditions, to withhold large quantities from commercial channels we could very easily have an artificial situation as time goes on. Meanwhile there is some uneasiness in the Southwest over loss from shattering and lodging. Even the later maturing varieties are no longer benefited from persistent moisture.

We spoke with one of our friends at Minneapolis and he confirmed the fact that spring wheat conditions were ideal, and apparently they have had enough moisture for the time being. Likewise it has been reasonably cool, and the outlook is very good. This was much in line with a report to Quaker Oats Co. stating that small grains throughout Minnesota, both Dakotas, and Montana had improved greatly during the past three weeks. They also spoke of the abundance of precipitation and cool weather.

According to Broomhall, Argentine shipments this week were forecast at nearly 2 1/2 million bu, which is just a shade lower than the week before. Government sales to exporters have been at a halt recently, and some grains which were previously sold have not been disposed of yet. It is difficult under existing political circumstances in that country to know what the future holds forth. There was a little business in corn again, the U K having purchased several parcels, with some business also to the Continent. It was finally confirmed that Japan had bought 22,000 tons of soybeans for July shipment, and Holland took small quantities, all of which was a little bit bullish on the July future, but there was not much trade in the more distant months.

Primary receipts of wheat amounted to 1,369,000 bu, which was almost identical with a week ago, and compared with 1,832,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 875,000 bu. When the visible supply is posted on Monday it will compare with an increase last season of 8 million bu. This gives some clue as to the lateness of our harvestin the Southwest.

Flour sales overnight were very small, according to The Southwestern Miller, and buying interest seemed to be on a reduced scale after a few bakers earlier in the week had filled their immediate needs. The wheat market continued weak and there were further reports during the session of rain Southwest. Salina claimed a two-inchrainfall, and lesser amounts elsewhere. This seems to be a disturbing element, although if it clears next week, the situation could change quickly. The corn basis was slightly higher and country offerings were small. A good part of today's Chicago receipts comprised CCC holdings, but the market ruled firm.

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CHICAGO, 4 June 20, 1955

There was a good deal of rain again during the week-end holiday, and the heaviest precipitation occurred Southwest, which naturally interfered with harvesting operations, but we still must take into account that there are some areas that have suffered less than others, and the first real pressure of any wheat was felt in Kansas City on Friday, with a good share of offerings from western Missouri where the yields are exceptionally high and apparently harvesting operations have progressed quite satisfactorily. This accounted for a weakening of the premiums and further adjustment seems likely. It should be borne in mind that the four large winter wheat states have fared badly. The total production in Kansas, Oklahoma, Nebraska, and Texas fell to 217.8 million bu, but there will be some offsets in other parts of the country. While we are on this subject we shall make comparisons with last year when the four above mentioned states raised nearly 340 million bu vs. and a ten year average crop of 416 million bu. Thus it can be seen at a glance that pressure in the Southwest is going to be extremely light in comparison with past years. This bullish situation may be felt more than normally owing to the fact that even with a billion-bu carryover virtually all of the old wheat is in government hands. A contrasting picture is offered for the soft winter wheat states as prospective yields in these areas are very good considering the reduction in acreage. For example, the wheat crop in Ohio, Indiana, Illinois, Michigan, and Missouri is expected to total 192 million bu, against an average crop of 177 million bu. Even by comparison with last year when the red wheat crop for these states totaled 203.2 million bu, it is quite optimistic. Thus it is quite obvious that normal relationships in this part of the country may be less distorted than in the Southwest.

It is, of course, a little too early to expect much pressure on our market, and if the impoundings are again heavy we could easily have an artificial situation again. Both millers and elevator interests are finding that country offerings are very light, but in spite of this situation there was a little liquidation in our market again this morning with the result that we experienced weakness at and after the opening. The moisture in the Northwest was not heavy but welcome, and from all we hear conditions are very favorable in the spring wheat areas.

According to Broomhall weather conditions were mainly favorable for European crops. A number of countries reported rains and harvesting operations are gradually expanding in some of the southern countries. Preliminary reports have placed the probable French wheat crop somewhat below last year's very large outturn. On the other hard Italy's production is expected to be well above last year's moderate yield while a much smaller crop has been predicted for Spain. Broomhall also calls attention to the fact that last season France produced 386 million bu wheat, from which there had been a very large exportable surplus of soft wheat, as home requirements amounted to no more than 270 million. While the present outlook is moderately under last year, the final story cannot be told yet as yields will depend upon the weather in July and August. The same authority tells us that there was a very large carryover of old wheat at the beginning of this season in Australia, so that in spite of heavy exports thus far the surplus on hand is still substantial.

Chicago wheat stocks declined 189,000 bu, and there is about 6 million bu here in Chicago. Corn stocks of 8 1/4 million bu showed a decrease of 240,000 bu for the week. Other changes were insignificant. There was a small increase in oats, and small decreases in rye and beans. The U. S. wheat visible decreased 1,758,000 bu; other changes were minor.

Markets were very dull again. There was no significant feature. Secretary Benson said that if farmers rejected the referendum on June 25th that he would suggest a new wheat price support plan to Congress. His Department has been studying various programs which would be submitted if Congress asked for suggestions. He refused, however, to give details.

The first car of new wheat arrived in Chicago, graded #1 red, and came from Indiana; it sold at 12¢ over July. Corn was slightly lower, but nothing much in the way of liquidation. Carlot receipts in Chicago were quite heavy, and included 275 cars of Commodity corn. Flour business was extremely slack. Beans were somewhat lower, probably influenced by fine weather and favorable crop prospects.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

June 21, 1955

Despite some complaints that farm prices are down, we find that cash receipts for marketings in the first five months of 1955 have totaled approximately $10.2 billion. This is only 3% less than in the corresponding period of 1954. The total volume of farm marketings was slightly larger than a year earlier but prices of farm products averaged 5% lower. The decline in total cash receipts so far this year has been due to reductions in the livestock group. The largest decline was in cash receipts from hogs, for which prices averaged more than 30% lower than in the first five months of last year. Thus there must be some compensations elsewhere to make up for this disparity.

We are doing everything possible to maintain our export markets for agricultural products. The simple truth is that last year five countries received over half the total value of our agricultural shipments. These countries were Japan, the United Kingdom, Canada, Western Germany, and The Netherlands. Each of them took over $200 million worth of goods. The largest volume went to Japan and Western Germany, and consisted mainly of cotton. To the United Kingdom we shipped large quantities of tobacco; to Canada we sent fruits, nuts, and vegetables, while The Netherlands took fats, oils, and oil seeds. The total value of these various shipments last year was $203 million greater than in 1953. Unfortunately exports of grains were somewhat smaller in total even though we exported more wheat. The principal countries that took less than the year before were India, Korea, Mexico, Italy, and Egypt. The decrease to Korea reflected less U. S. foreign aid. The decline elsewhere was due to better harvests in those countries, and possibly larger imports from other countries. It is not very likely based on present estimates of European crops that we are going to ship much more than 250 million bu wheat in the coming season, and if Canada harvests a fairly good crop, competition from there may be even greater in the crop-year ahead.

According to the Peavey Report, crops have made further substantial improvement in our Northwest. In the latest area of North Dakota the best fields are already in the boot. Several comments have told of the crop being several days to two weeks ahead of last year, not so much due to earlier seeding, but to the highly satisfactory weather of the past four weeks. Maturity is important in the spring wheat areas as an early harvest often gets ahead of rust damage. Weather has turned much more favorable in the Southwest. With summer now officially at hand high temperatures are also noted, and marketings at Kansas City have increased with the result that premiums have broken and weather is much better for combining over practically the entire hard winter wheat belt. The decline in price will tend to tie up more wheat under the loan program, and given a few days now of clear skies crops should be gathered more satisfactorily, although at best they have turned out poorly in southwestern areas. Mills no doubt appreciate that they must cover their requirements during the period when marketings of free grain are at their height. This is true even though mills are doing only a small flour business, but, of course, they have to prepare for future demands.

There is very little export business in wheat reported, but USDA has authorized Italy to purchase nearly 5 million bu wheat, and initial takings are expected in the next few days. This, however, is very apt to come out of government stocks, and may, therefore, not influence the market. We heard that CCC had sold exporters 360,000 bu No. 2 yellow corn at $1.32 3/4, FOB Minneapolis.

Primary receipts of wheat amounted to 1,410,000 bu which compared with 1,292,000 bu last week, and 2,645,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 122,000 bu. Contract stocks of wheat in deliverable positions here in Chicago declined to 4.3 million bu. However, the amount of #1 and #2 red wheat is down to only 400,000 bu.

Our market was a little indifferent early, but later on there was some local buying, and apparently the hedging pressure is not particularly important. Kansas City wheat futures were stronger than ours. In any event, it is generally felt that even if the referendum vote is unfavorable on Saturday that something will be done to bolster the percentage level of loans based on parity, and the close was very firm. Corn receipts were much lighter, amounting to only about 75 cars, but two-thirds of this consisted of CCC holdings, and there was no pressure from the country. Oats were quite indifferent, while rye was firm. There was a little buying of beans despite the fine crop outlook, and the deferred months were somewhat higher.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 22, 1955.

Next Saturday the farmers of this nation will vote on wheat marketing quotas for 1956. According to law, a referendum must be held when the anticipated supply in the year ahead exceeds the normal supply by 20%. It seems likely that current foreseeable supply exceeds normal by some 60 to 85%; therefore, there had never been any doubt that the farmers would be called upon to vote on the future course of price supports. If marketing quotas are approved by two-thirds of those voting in the referendum, the 1956 wheat crop will be subject to the minimum acreage allotment of 55 million acres, which is the same as this year. Price supports will be provided in the commercial areas at a minimum average level of $1.81 per bu. This would compare with $2.06 in the current season and $2.24 the year before. It would mean a drop in the support level of 36.8¢ a bu from the five-year average. Should quotas be turned down by farmers and Congress take no action, price supports would drop by law to 50% of parity, or about $1.19 per bu on the 1956 crop. Even if that were the case only farmers who remained within their acreage allotment would be eligible for the lower supports.

We have been told by farm observers in the Northwest that a large turnout, especially in North Dakota, could swing the vote in favor of quotas as it did last year. North Dakota wheat growers accounted for 17% of the national total. Farm organizations have been carrying out an intensive campaign to get out and vote. It should also be borne in mind that if price supports drop to 50% of parity and the Congress did nothing to improve the situation, very likely few farmers would comply with allotments. As a result the adjustment of market price to the lower support level would be augmented by an expanded output of wheat. Such a price decline would be felt in other grain markets, and even on livestock prices, as lower-priced wheat is fed to livestock in competition with other feed grains. At the present time trade is very slow and a good many people seem to be staying on the sidelines until the issues are resolved.

Weather over the Southwest was mainly clear but a few local thundershowers are predicted although probably nothing like the rains we have had during the past two weeks, and we doubt whether harvesting operations will be seriously hampered.

In Europe there is summer-like weather over much of the Continent following a cool spell in a number of countries. This has further retarded development of crops. Continued warmth and sunshine are needed to promote growth, which is still backward over wide areas but the over-all crop picture otherwise is satisfactory, according to advices from Broomhall. In France, it is mostly clear and warm following the torrential rains and coolness of last week. Yellow rust has been reported in some areas and a dry spell is needed to avert the threat of black rust. A preliminary official estimate just received has placed the prospective wheat crop at 344.7 million bu vs 309 million bu indicated at this time last year, and the final outturn of 385.7 million bu. In Italy, weather has been warm and dry, which is favorable for harvesting in early districts and for maturing wheat and other grains in later districts in the North. Trade interests are now talking of a wheat crop ranging from 317 to 336 million bu compared with a preliminary estimate from an unofficial source of about 299 million bu, and last year's outturn of 268 million bu. Two years ago Italy had its record crop of 338 million bu. Reports of grain crops in Turkey continue very good. The outlook in the U. K. is satisfactory but there also they need sunshine and warmth to promote growth as crops are backward over wide areas.

Primary receipts of wheat today amounted to 1.7 million bu vs 1.1 million last week, and 2.5 million last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 216,000 bu. Yesterday ordinary wheat at Kansas City was bringing July price to a few cents over which compared with a basis of 16¢ over last Friday. Today with 434 cars in that market there was an excellent demand for cash wheat, and nearly everything brought higher prices. Mills bought futures, which was either against actual business or in anticipation of what was to come.

Our market was rather indifferent, although the deferred wheat futures showed some firmness, while the nearbys declined. The Agriculture Department said the spring pig crop was up 9%. The spring pig crop production plus the estimated fall cropwould mean a total of 100.9 million little pigs --up 9% for the year. This was construed as slightly bullish on corn, and bearish on lard. Soybeans were rather featureless, and the range was narrow. The CCC has not sold much of its accumulations acquired through defaults, but the threat of what may happen is preventing much aggressive buying in the market. Winnipeg rye was weak.

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CHICAGO, 4 June 23, 1955

The government report issued June 10th forecast a probable spring and winter wheat crop of about 845 million bu. This would be the lowest since 1943. Almost without exception since that time we have been raising billion-bushel crops. It should be borne in mind, however, that since the end of World War II our production has been materially stepped up. We may have forgotten that the average wheat production in this country before the war in the ten years, (1931-40) was only 740 million bu. We should also not lose sight of the fact that in that same period the average corn crop amounted to only 2,339 million bu, whereas recently we have been raising 3 billion bu or more almost as regular routine. We should also not forget that the average oat crop in the ten years prior to World War II averaged only 1,013 million bu, whereas recently the amounts have been ever so much larger. It is all very fortunate that our agriculture has provided the proper means of feeding our present population, because a dynamic nation of 165 million people has the right to enjoy a proper food diet.

Looking ahead, we may reasonably expect that our population will reach the 200 million mark within the next 12 to 15 years, and this in turn will require an increase of some 20% in total farm output just to provide all of tomorrow's citizens with the same kinds and amounts of food and fiber that are available today. In the meantime, of course, we cannot get away from the tremendous surpluses which have been built up, but by the same token we must figure that if finally price is permitted to exercise its function as a brake upon overproduction, many of our problems will be met. Furthermore, it may be a spur for increased consumption and an inducement for better balance. Secretary Benson has been asking us to retreat from a program of high incentive payments for unneeded production. He has sufficient faith in the sound judgment of American farmers to believe that they will insist upon a more realistic course than has been followed in the past. There is comparative stability even now. During the last eight months the parity ratio, which measures prices received by farmers against those paid for goods and services, has fluctuated within a narrow range of a single point; namely, between 87 and 86. Surely this is evidence of real stability and strength. It is all the more wonderful that this record could be accomplished during a transition period following a major war and the Korean conflict. According to many sound economists the change-over has come about with fewer and less severe dislocations than ever before in history.

According to a report from the Alberta Wheat Pool, as of June 18th, the overall condition of Alberta crops is better than average for this time of year. Warm, dry weather during the last two weeks, while promoting rapid growth, has changed the crop outlook to the extent that a number of districts would benefit by rain. The condition of the crop is still good in those districts, but surface moisture has evaporated, and more moisture is needed for germination of the late crops. As a result of wide-spread floods and inherent opposition by the peasant to communist rule, China is reported to be very much in needof foodstuffs. The Chairman of the Australian Wheat Board announced that an officer of the Board had left for Hong Kong to see what could be done to establish trade in grain with communist China. There is a feeling that both Canada and Australia might enter such arrangements, and it could be the opening of an important new market to those countries.

Wheat receipts in Kansas City today totaled 522 cars vs 799 a year ago, while the Fort Worth, Enid, Wichita, Hutchinson, Salina, Topeka, and Amarillo markets reported 808 cars vs 1,481, last year. Kansas City market was again very strong. There seems to be a good demand for cash wheat and good buying of futures on part of millers. In Texas and Oklahoma, practically all new wheat was sold for the reason that prices were higher than the loan. In their immediate territory --that is eastern Kansas and western Missouri, early wheat was also sold equal to or exceeding the loan price, but at the present time premiums on wheat in Kansas City, especially ordinary types, have declined, and apparently there is a greater demand for storage, as today's market is roughly 10 to 12¢ under the net loan. Mills have been exceptionally good buyers of cash wheat, but this is understandable, as undoubtedly they have reduced their stocks to very small proportions, and are naturally anxious to fill up some of the holes while they can do so at present premiums.

According to information which we received, heavy rains east and north of Lubbock a few days ago have washed out a lot of cotton. As fields cannot be reworked for another ten days it may be too late to replant cotton, and therefore increased milo acreage is anticipated. Primary receipts of wheat today totaled 2,427,000 bu vs 1,140,000 bu last week, and 3,495,000 bu last year. Kansas City and Minneapolis wheat stocks so far this week show a net decrease of 346,000 bu.

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CHICAGO, 4

June 24, 1955

The writer spent yesterday in the Northwest, and the first question that every grain man wanted to know was our opinion as to the outcome of the referendum. Like any political question, there is no accurate poll, particularly when the issue is such a close one. Last year the vote carried affirmatively, by about 7 percentage points, and a number of large wheat states, like Kansas and Nebraska, went against the trend, and likewise some of the soft winter states. The Northwest, particularly North Dakota, had a large turnout, and that part of the country helped turn the tide. Our friends in Minneapolis seem to think that the same may occur this year, particularly as the farm groups have been very active in getting the voters to ballot. The result will depend upon the percentage of those who actually vote and not necessarily upon the number of wheat farmers who have a right to vote.

Apparently incensed by the possibility that next year's support price would fall to $1.19 per bu if negative action is taken, there seems to be a last minute jump, particularly on part of farmers' wives, and even their children, in the coming election. We doubt whether any such votes will be challenged as under the rules any wheat producer in commercial wheat states who will be subject to marketing quotas is eligible to vote in the referendum. Farmers who have farm wheat allotments of 15 acres or less are eligible to vote if they will have more than 15 acres of wheat for harvest as grain in 1956. Thus a farm of sufficient size may have anywhere from 1 to 5 qualified voters, if it is the intention of each family member to plant more than 15 acres for the 1956 crop. Should the election be affirmative we would assume that there would be some restoration of confidence on part of flour buyers who have been purchasing merely from hand to mouth up to the present time. Should the vote be a negative one, there might be some psychological selling by disappointed holders, but by the same token it might induce farmers to put more grain into the loan than would otherwise be the case. This for the reason that they would want to take advantage of high prices this season against a much lower loan next year.

Crop conditions in the Northwest are almost perfect with possibly a few complaints from South Dakota but fairly optimistic comment elsewhere, always bearing in mind that rust attacks the spring wheat plant more severely and often more quickly than other varieties. However, the crop is early and maturity may come ahead of actual damage. Mills and elevators are absorbing new-crop wheat actively in the Southwest, and there were sharp premium upturns in some of the interior markets lately. Prices are at variance from 10¢ below to 10¢ above the net loan in the country, with Kansas City prices quite generally at the higher level. Thus there are some willing sellers but mills realize that they have to build up stocks at a time like this.

Scattered showers and thunderstorms have occurred over portions of Nebraska, Kansas, and Missouri, and the five-day forecast indicates an unsettled map for the country as a whole, with probably lesser amounts falling in spring wheat areas. Conditions over the corn belt are almost perfect and moisture is also expected for most districts.

The Montana weekly crop bulletin points out very favorable conditions in that state with soil moisture adequate to abundant throughout most of Montana.

Primary receipts of wheat today totaled 2,566,000 bu compareed with 1,369,000 bu a week ago and 3,127,000 bu a year ago. So far this week Kansas City and Minneapolis stocks show a net decrease of 471,000 bu. When the wheat visible is posted on Monday it will compare with an increase last year of 13,851,000 bu. However, Toledo will be added to the primary receipts, and also to the visible supply. Carlot receipts of wheat in Kansas City today were 781 cars compared with 735 cars a year ago. However, carlot receipts in other southwestern markets, with several exceptions, are running considerably under a year ago. While there seemed to be some buying in our pit today which might have represented mill-buying, according to The Southwestern Miller only small amounts of bakery flour sales are being made, with most of the bakers filling only spot needs for a week or ten days ahead. The gap between buyers' ideas and mill quotations has widened, and the feeling is that heavy volume will not develop as early as expected.

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CHICAGO, 4 June 27, 1955

Final results of the wheat farm referendum have not been tabulated but there can be little doubt that the total vote topped last year's, both from point of view of those voting and that the margin of approval was greater, having been estimated at 77.5% in favor, according tot he preliminary count. It would have required a two-thirds majority of farmers voting in the commercial wheat areas, and thus far 254,197 affirmative votes were cast of the 328,049 total, according to Department figures. They stated further that the final total is not expected to show any significant changes. Our market opened higher in response to this news, although the program has more to do with next year's price level than those during the current season. It is pretty well established now that most of the wheat carryover on July 1st was in government hands, and should we have another year of heavy impoundings we could easily run into artificial markets, all of which the trade must bear in mind.

There has been a considerable amount of moisture in the Southwest, and also good rains in the spring wheat areas. No precipitation of consequence occurred over the corn and bean belts, but complaints thus far have been few. The bean planting is practically completed except for a small amount of replanting; first cultivating has been done in many places. From all indications we have conclusive evidence that total acreage will be larger than last year although the USDA will not report on this until July 11th. Almost all reports indicate larger areas seeded, and in some southern localities, because of reduced cotton acreage, more beans were planted. We hear some figures that the coming crop may total from 375 to 400 million bu. According tot he American Soybean Association, officials of CCC now think that defaults from 1954 are likely to run less than 20 million bu. This is a smaller figure than had been earlier anticipated, probably due to the fact that fewer beans were taken over by the Minneapolis CCC Office. It is estimated that a little over 5 million bu warehoused beans have been taken over in the Chicago area, and about 5.8 million bu in the Minneapolis Office. Kansas City districts had only a nominal amount of beans, but in addition to the figures just cited, there are also those beans stored on farms, with possibly 10 million in that category, but this is a very tentative figure.

Crop news from Europe, according to Broomhal,l, is quite optimistic. While the French crop appears to be some 40 million bu under the final 1954 figure, there has been recent improvement, and upward revisions are likely. France will obtain another substantial surplus as home needs are calculated to be well below 300 million bu. The Italian crop has recently shown betterment and may exceed last year's production by 68 million bu and may fall only slightly short of the 1953 record output. Abandonment of wheat acreage in Western Germany has been far below last year, when losses were heavy, and the general outlook now is quite satisfactory. Reports from Turkey and Greece are also very favorable. Australian moisture conditions are spotty and even the land earlier flooded now requires moisture. Despite recent heavy shipments from that country, there is still an exportable surplus of 123 million bu, which is almost as large as last year, this having been brought about because of the heavy carryover of old wheat brought into the 1955 season.

The U S wheat visible increased 734,000 bu. Toledo has been added as a reporting station. Total stocks of 346.5 million bu compare with 300 million bu last year. Corn decreased 1.7 million bu, leaving nearly 14 million bu in various markets. Oats increased 1.1 million bu, and beans decreased 421,000 bu. Here in Chicago wheat stocks showed a slight increase, with 6 million bu in the various elevators. Corn decreased 458,000 bu, leaving nearly 8 million bu here. Oats were hardly changed, and there was a small decrease in beans.

Markets were rather disappointing, and after some shorts had covered early there seemed to be a disposition to await further developments. In the Southwest we believe that about half the wheat is being sold, but it is difficult to get accurate figures on impoundings. Nevertheless, the wet weather which they have had lately has created some moisture wheat and with it some moisture problems so that amounts offered on the market may be a little larger than if we had had a dry harvest. It was reported that Formosa had been allocated $6 million by FOA for the purchase of breadgrains, and there is a little export business from time to time. Buying of cash wheat in the Southwest was active, and even ordinary hard wheat is bringing a slight premium over futures. There was not much feature in corn, and that market was dull. Some deliveries are expected on the first of the month. Trade in beans was rather light, but the market drifted lower.

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CHICAGO, 4 June 28, 1955

Consideration is already being given to the extension of the International Wheat Agreement when it expires on August 1, 1956. Present agreement covers 421 million bu wheat for a period of three years. The predecessor agreement in which 49 countries participated was begun in 1949 and ran for four years. How much has been accomplished is difficult to say. It was intended to solve some of the world trade problems, but with Argentina not participating and Britain having withdrawn from the Pact as one of the important importers of wheat, there have been many difficulties to say the least. Furthermore, declining requirements by the various importing countries have not helped our problems. First of all, it should be borne in mind that immediately following World War II, the demand for wheat, flour, and various products increased tremendously. Havoc wrought by the war itself and the various dislocations brought a greatly increased demand for flour and in the 1946-47 season, we shipped more than 195 million bu of flour (in wheat equivalent) from the U. S. in addition to 198 million bu wheat, indicating that many of the mills abroad either were not operating or the necessity was so great for the finished product that time was of the essence.

Since that period our clearances have shifted greatly and the amount of flour that is being taken by the importing world has dropped very materially. For example, during the last five years our flour shipments in terms of wheat have averaged less than 40 million per year. They may be slightly larger during the current season, as for the first ten months we have shipped 37.7 million bu in wheat equivalent, and the chances are that total flour takings will be in the neighborhood of 45 to 50 million bu. Still, less than 12% of the wheat and flour shipments are presently in the form of flour. Furthermore, the total is shrinking rather badly. In these calculations we are trying to be fair and have not included the three large postwar years, when our total wheat and flour clearances averaged 458 million annually. Rather we are taking figures of the last five years when shipments on a pro-rata basis amounted to 334.4 million bu per year. It is to be hoped that we may ship as much as 250 million bu during the current crop season, and we may be fortunate to do as well during the next twelve-month period, particularly if Canada has a good average crop.

Before our market opened this morning there was not too much to guide it. Crop news from the Northwest was exceptionally good, and the Peavey report spoke of further improvement from all areas. It has been about two weeks since the last general rains occurred, and although there is no actual suffering at the moment almost all sections would welcome additional moisture. On the other hand the absence of rain has probably retarded rust development. At this time of the year there is always some menace but apparently no one is seriously concerned.

We had reports from Canada that 415,000 bu Canadian rye had been shipped to Buffalo yesterday, but there was also 50,000 bu Chicago rye shipped to Superior, Wisconsin. Canadian news is slightly more bullish. The Saskatchewan Pool Elevators Report, as of June 25th, showed a reduction in crop prospects from the previous week of 5 to 7 points, and condition is now 2 to 4 points below the same period a year ago. The decline is probably due to the need of rain in many areas. However, there were some showers last night in the eastern half of Saskatchewan and in Manitoba.

Primary receipts of wheat today amounted to 2 1/2 million bu, which was an increase over the 1,410,000 bu last week, and 3,756,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 102,000 bu. Contract stocks of wheat in Chicago amount to 4.3 million bu, including 306,000 bu of #1 and #2 red winter wheat.

Markets were very dull, but public interest in wheat is lagging. There has, however, been a little better support for the deferred months which heretofore were under pressure on possibility of a sharp decline in next year's loan compared with this year's. Little attention was paid to the Census Bureau Report which showed a larger number of beans crushed during May than for the same period in 1954. Also, stocks of meal and oil were smaller, and likewise stocks of beans in processors hands were only about one-third as great as last season.

Flour business does not seem to be developing in volume, and there is still some resistance even to slight increases in flour costs.

There have been some heavy rains over a wide territory of the Pan Handle area of Texas. This rain is about the most general that they have had during the past few weeks, and of course, it is very favorable for the sorghum crop. Corn met some support on setbacks but trade was very light. The weather map remains unsettled.

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CHICAGO, 4 June 29, 1955

Last Saturday the wheat farmers of this nation voted on marketing quotas, and while the approval was overwhelming by 77.5%, it should still be noted that in 13 states there was not the necessary two-thirds majority. Some of these states were relatively unimportant for wheat, as for example, California, Maryland, New Jersey, Utah, etc., but still those states which raise primarily red wheat were against the program. Included in this category were Illinois, Indiana, Michigan, Missouri, and Ohio, while Nebraska was slightly under margin, with a 63.4% favorable vote. In all of these discussions we must never lose sight of the fact that the programs that have been designed primarily for the support of farm prices and farm income have been very costly. In the past fiscal year the taxpayer was assessed $962 million to keep these various programs in effect. This is more than the Department of Agriculture spent for all other activities combined. Research, education, soil conservation, forest service, credit services, marketing services, inspection, regulation, and all the rest were less costly than the support programs under rigid controls, and yet with all this governmental spending we still had falling prices of farm commodities. Whether flexible supports will improve this situation remains to be seen.

Mr. Benson last night, in speaking before the Kiwanis International at Cleveland, said "We cannot afford the luxury of programs that force farmers into wasteful patterns of production -- that lead to production of soil-depleting crops far in excess of need -- that cut agriculture off from markets. Does it benefit farmers to have to choke off production by millions of acres when much of the world is hungry and part of it is starving? That's what has happened under rigid supports. This does not serve the common good of our people." In spite of any errors that have been made, we are still the most wonderful country in the world. Here in the U. S., with less than 7% of the world's land area and only about 6% of the world's population, we produce and consume over one-third of the world's goods and services. We produce about half of all the factory goods in the world. We have an aggregate net income that probably exceeds that of all the 600 million people in Russia and Europe -- and that far outreaches the total income of the one billion people of Asia.

The various state reports which were issued this morning spoke in many cases of heavy rains which were rather widespread in the Southwest, and which had temporarily halted field work and small grain harvest, particularly in parts of Missouri and Kansas. There had also been heavier than normal precipitation over most of Eastern Nebraska and it was locally heavy in the southwestern part of the State. Winter wheat harvest is being delayed because of wet weather. The overnight rains which were again pretty general in Kansas would indicate that more moisture wheat will come to market. Our people in Kansas City noticed yesterday that order buyers were picking up some of the Kansas City receipts for shipment back to interior mills in Kansas and Oklahoma, which is, indeed, an unusual situation. In the final analysis market action will depend to a great extent on the quantity of wheat which is impounded. There is a good chance for scattered moisture in the corn belt either tomorrow or Friday.

European weather is generally satisfactory and upward revisions now seem likely. The French wheat crop has improved and some observers are now predicting at least 370 million bu for that country against a preliminary estimate of about 345 million. In Italy the outturn is also expected to be much above last year, possibly approaching or exceeding the record yield of 338 million bu obtained two years ago.

Primary receipts of wheat today amounted to 2,668,000 bu which compared with 1,748,000 bu last week and 4,113,000 bu last year. Kansas City and Minneapolis wheat stocks so far this week show a net increase of 497,000 bu.

We had some weakness early, but there seemed to be better buying on the setback and confidence may slowly be building up, with some bakery flour business developing, although it may take time before any large orders come in. The spot basis on corn was higher with 8¢ over July paid in numerous instances. There was also some red wheat sold at 1/2¢ over to-arrive for July-August shipment, while spot red wheat traded here at 4¢ over the July future.

There was a report that FOA had allocated $4 1/2 million to Austria for the purchase of 2.8 million bu corn. The U K and the Continent bought a few parcels, but the demand for Chicago elevator corn is still light. We doubt if first tenders on July contracts will amount to much, but there may be some corn and a little rye delivered. Beans were strong and so was rye at Winnipeg.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 30, 1955

In an analysis of livestock enterprises on Illinois farms made by the University of Illinois, it is pointed out that on most Illinois farms crops are the basis for production of income but livestock is used to market a large part of the crops, particularly forage and feed grains. The table below shows the returns per $ 100 feed fed to various livestock in 1954 and the 22-year (1933-54) average returns obtained:

Livestock	Returns in 1954	Average Returns 1933-54
Poultry	$ 104	$ 163
Beef Cow Herds	95	117
Dairy Herds	141	171
Dual-purpose Herds	95	135
Feeder Cattle	126	124
Hogs	154	148
Native Sheep	97	122
Feeder Sheep	119	123

The difference between the return figure and the $ 100 feed cost represents the margin available to pay for equipment, buildings, veterinary items, labor, and management. Like most averages, however, this table alone does not tell the whole story. Returns vary from year to year because of feed-price relationships, and an unfavorable feed-price ratio in one year is no reason to drastically change a well balanced livestock system. Efficient use of land, labor, buildings, capital, and managerial ability of the operator determines the successof a farm over a period of years. In addition returns vary from farm to farm each year. In 1954 about one-fourth of the dairy and beef-cow herds made enough to cover feed costs and pay market prices for labor and other items. This indicates that productive and well managed livestock can be profitable even though feed-price ratios are unfavorable.

Earlier this week Secretary of Agriculture Benson, in commenting on the action of wheat growers in approving marketing quotas on 1956 production, made it clear that the Department will continue its several programs aimed at achieving maximum practicable exports of wheat and flour. In addition, in order to improve the quality of wheat produced and reduce controls over production, and utilization, the USDA intends to undertake to place in effect on the 1956 wheat crop appropriate discounts in price supports for certain designated varieties of wheat, especially those suitable primarily for feed purposes. It is also intended that continued efforts will be made to secure favorable Congressional action, authorizing the Secretary to broaden the non-commercial wheat areas where growers are not now subject to acreage control. They also expect to give special consideration in the months ahead to programs which will further encourage farmers to make needed adjustments in their pattern of land use. This would be both on land ill-suited to crop production and on better lands where it would be advantageous to shift a part of the acreage to hay and pasture. The program now being developed for the Great Plains is an example of this.

News reports from London and Canada indicated that Iron Curtain countries have been making inquiries about possible purchases of Canadian wheat. While details of the inquiries were not given, there were some reports that as much as 25 million bu of #1 northern wheat might be involved. Inquiries so far have come from Satellite countries, but it was thought that it would not be surprising if a direct bid came from Russia herself. However, the Office of the Russian Trade Commissioner at Ottawa disclaimed any knowledge of a Soviet wheat shortage or a desire to buy Canadian wheat.

In Washington, President Eisenhower announced continued import limits on rye during each of the next two years at the same level as had existed for the past year. The proclamation overrode recommendations of the Tariff Commission that rye quotas be cut, since in its investigation the Commission had decided that rye imports should be further limited in order to protect the price-propping program. The quotas set will be for annual periodsbeginning tomorrow and July 1, 1956.

Primary receipts of wheat today were 3,146,000 bu compared to 2,427,000 bu last week, and 4,324,000 bu last year. So far this week Kansas City and Minneapolis stocks show an increase of 701,000 bu.

Wheat was firm paced by the strength in Minneapolis, where new-crop highs were registered. After early firmness corn encountered some selling, and as of noon there had been 472 corn tendered against July contracts. Other tenders consisted of 95,000 rye, and 34 contracts of lard. Local selling of wheat took place at the close, particularly in the July.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 1, 1955.

Secretary Benson, in defense of his support program, points out that his critics would like us to think that flexible supports are responsible for falling price of farm commodities. He stated that the truth is that we are still operating under the old emergency support program that was inaugurated during World War II, with rigid support levels. Flexible supports on the so-called basic crops will not start to take effect until the 1955 crops are harvested, and it is such crops as wheat, cotton, rice, and corn on which rigid supports are in effect until this year's harvest, that have encountered the most trouble and have the gloomiest outlook. Those crops on the other hand which are not supported, or as in the case of dairy products where flexible supports have beenpermitted to be applied, face an outlook that is far more encouraging. The dairy situation, for example, has changed from one of deep pessimism a year ago to one of real hope. Butter consumption is up 9%, cheese is up 14%. Government stocks of butter are down to about two-fifths of what they were at their high point almost a year ago, while stocks of dried milk have dropped over 75% in a little more than a year. Acquisitions of dairy products for government storage from June 1st to 17th, normally the heaviest month for milk production, were 30% less than they were a year ago.

The Secretary pointed out that the primary emphasis of the administration is directed towards what government programs of research, education, marketings, regulatory services, and the like can do to help farmers do a better job rather than on what government subsidies can do for farmers. Control over the direction in which agriculture moves must rest in the hands of farmers not in the hands of government, no matter how benevolent, and we must never take from any economic group, much less from agriculture, the challenge to to stand on its own feet.

There were news reports yesterday of inquiries from behind the "Iron Curtain" for Canadian wheat, and it was learned this morning that the Canadian government has underwritten a multi-million-dollar bank loan to sell 10 million bu surplus Canadian wheat to Communist Poland. According to news reports, Poland has agreed to buy the wheat at current market prices.

Further advices from Canada stated that, according to the Dominion Bureau's statistical crop reports, dry weather has prevailed quite generally over the Prairie Provinces, moisture supplies are rapidly being depleted in some areas, particularly in western and northern sections of Saskatchewan, and in east central Alberta and the Peace River area. Rainis needed immediately in those districts to maintain present conditions. Crops have made excellent progress in Saskatchewan as a result of the warm weather the past two weeks. Dry weather has dangerously depleted soil moisture reserves in many areas of Alberta. A critical stage of crop development has been reached in east central sections where wheat is in the shot-blade stage. In Manitoba, only odd showers interrupted the fine dry weather during the past week, and crops are making excellent progress throughout the Province.

In our own country, there were heavy rains overnight in Kansas, which will probably continue to delay harvesting operations, while over Iowa and the Northwest more moderate moisture occurred. Further rains are looked for both Southwest and Northwest, as well as over the Corn Belt.

According to The Southwestern Miller flour business again was slack over night. Flour costs have mosed up sharply, particularly in recent days, and current levels close to 25¢ per CWT above the low point. Buyers' ideas are even below that low, and for the time being the tendency will be to resist purchases. As a consequence mills have abandoned hope for a bigger flour business over the holiday weekend as has occurred in the past.

Primary receipts of wheat today were 3,566,000 bu compared with 2,566,000 bu last week, and 4,513,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 1,026,000 bu. When the visible supply is posted on Tuesday it will compare with an increase last year of 19,663,000 bu. There was considerable selling of wheat with all markets participating in the decline. With the long weekend facing us there was apparently liquidation as well as evidence of hedging pressure. There was no feature to corn, while beans were somewhat lower. A report from down-state Illinois stated that central Illinois' wheat crop this year will show the largest yields in history, with many farmers reporting 60-bu yields, and the crop averaging 40 bu to the acre. This would be far above the average yield. in that area.

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CHICAGO, 4 July 5, 1955.

Widely scattered showers and thunderstorms were reported over the grain belt area during the 4th of July weekend. The rainfall ranged, according to localities, but there was on inch over some parts of Iowa, Oklahoma and the Northwest. East of the Mississippi River the precipitation was rather scant. The heat wave persists over all sections east of the Mississippi. It can now safely be said that for the first time in several years farmers in many areas of the grain belt are wearing big grins. That apparently only happens when there have been heavy soaking rains to inspire confidence. When many producers had almost resigned themselves to another crushing summer of heat and drought after a dusty spring, Nature came to the rescue. For example, in the Dust Bowl twice as much rain fell in May as fell in all of 1954. In other dry areas the story was much the same. Actually over practically all of the country early May and June precipitation made up for much of the early drought, and within a period of 2 to 4 weeks of steady rainfall the moisture situation covered the widest area of the nation in almost five years. It is, of course, true that the moisture came too late to save the wheat crops in Texas, Oklahoma and parts of Kansas, but yet we are convinced that when the next government report is issued that there will be moderate improvement in the prospective wheat yields, and we will probably also hear of optimistic stories with respect to corn and other feedstuffs. The rains in Texas should bring us large crops of milo, but altogether the trade started off rather quietly and without any great changes following the holiday.

Receipts of wheat were heavy at Kansas City, with 3,445 cars in that market compared with 2,428 cars a year ago. At Fort Worth, Enid, Wichita, Hutchinson, Salina, Topeka, and Amarillo there was a total of 2,675 cars of wheat compared with 2,770 last year.

In spite of all this there is not much pressure on our market, and Chicago elevator concerns are apparently not buying much red wheat yet from this year's harvest. Of course, there were further delays occasioned by rains, but as anoffset yields are apparently very good, and there is still a lot of wheat to be moved. With the present cash basis in such close relationship to the July future some of the elevator concerns are not anxious to accumulate a stock of wheat, but instead seem to be taking loan wheat, with the belief that such grain will earn a full year's storage. Nobody can tell this early how much free wheat will be accumulated in Chicago, but there is not too much assurance that stocks will be built up here in heavy volume. Still the July future is ruling at a discount of about 2 1/4¢ per bu under September, but whether we are going to have a wide carrying charge after September remains to be seen. There is not a great deal to stimulate the markets at the moment. Ordinarily a fair export business in wheat takes place at this time, and before the days of the loan, and so many artificial factors, we used to export about 70% of the wheat that was shipped from this country during the first six months of the crop year. Now, however, we are finding many changes when just as much is exported in the period from January to July as in the first six months' period, but by the same token so much of this wheat comes out of government stocks that it does not have the same market influence as it did in former times.

Chicago wheat stocks increased 316,000 bu, and we now have a total of 6.4 million here. There was a decrease in corn stocks of 524,000 bu, leaving 7 1/4 million in our market. A small increase occurred in oats, offset by about the same decrease in rye, which means that there is still 4 1/4 million rye here. Beans were about a standoff, but the local supply is very small. The U S wheat visible increased 3.3 million bu, corn stocks declined one million, and beans decreased 786,000 bu. Oats increased 354,000 bu.

Our wheat market was a little hesitant at the start, but firmness developed later in the session and as aforementioned, there is not much pressure here. A good many people still believe that later in the season artificial factors may prevail. However, USDA has announced sharp price cuts in domestic offerings of surplus grain, including wheat, barley, oats, and sorghums. According to officials this is automatic and reflects a switch to conform with the lower 1955 props. In wheat, for example, the support level is 18¢ a bu lower than in 1954; however, carrying charges are down considerably at the outset of the new crop year, and in some instances certain kinds of CCC premium wheat are more attractive to the trade. This new formula has built up resistance to mill buying of free cash wheat in Minneapolis. Flour business was rather slack over the holiday, but not much attention was paid to this factor. The corn market was very firm, and with country offerings light there may be some demand for Chicago stocks in the near future. Beans were very little changed, and that commodity was light. Some rain would be welcome.

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CHICAGO, 4 July 6, 1955.

A private crop report was issued this morning indicating a winter wheat yield of 637.5 million bu, which was a slight reduction from the official figure in June. This was somewhat of a surprise as most of the information we have been getting from the Southwest indicates better yields than had been earlier expected. The same is true of the red winter wheat states. The expert still estimates Kansas at 123.7 million bu, and practically everyone in the trade had a higher figure in mind. As for the red winter wheat states, comprising Ohio, Indiana, Illinois, Michigan and Missouri, the expert forecasts only 190 million bu, which is actually a cut of 2 million bu from the government figures and compares with 203.2 million bu last year for those states, against an average crop of 177 million bu. As for spring wheat there was a slight increase indicated, and total wheat production is about the same as was officially forecast a month ago.

Bumper crops apparently are probable in corn and in beans. Indicated production is 3,348 million bu of corn,and 385 million bu of beans, and the latter would be a record for all time. The oat crop also showed a good increase, with a yield of 1,450 million bu being indicated, which is an increase during the month of about 100 million bu.

As far as wheat is concerned there certainly is no shortage anywhere. The June 1st supplies in the four major exporting countries for export or carryover amount to 1.8 billion bu. We are including, of course, in this calculation U. S., Canada, Argentina, and Australia. This figure is slightly larger than last year and compares with 1,250 million bu in those countries two years ago. However, when we take into account the four previous years, the four countries just named had only 705 million bu on an average for export and carryover, so that present supplies are more than twice as great.

Broomhall's foreign crop summary stated that weather conditions were mostly favorable for crops in Europe, and that harvesting operations were extending due to warm, dry weather which hastened the progress of crops in France. Reports on wheat yields are somewhat contradictory, but in any case may be slightly inferior to last season. The tendency in Italy is to revise upward production forecasts. There was needed rain in a number of sections of Germany, and growth has been rapid. There were also advices this morning from India that wheat production may reach a figure of 317 million bu. This would be a record, and would even exceed the large crop raised in 1954. Acreage is somewhat higher.

There were a few scattered thundershowers over portions of Kansas and Nebraska, likewise, precipitation was scattered over Illinois and Missouri. Heavier rains fell at Omaha, Nebraska, and Topeka, Kansas, and at Streator, Ill. The rains in Iowa were of lesser amounts. The heat wave continues over all sections east of the Mississippi, except that temporary relief was afforded during the period of thunderstorms. The map still appears to be unsettled, and widely scattered thundershowers are likely over the corn belt tonight or Thursday, but continued warm.

Primary receipts of wheat today were heavy, and amounted to 4.8 million bu, which compared with 2.6 million last week, and 5.5 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 906,000 bu.

The wheat market was active and higher. There was a good trade in July wheat and a considerable trade that looked as though possibly there had been an improvement in milling business, plus some local covering and buying. The Southwestern Miller claimed that additional family flour was booked mainly by independent mills, while bakery flour sales had fallen off further.

There is agreat shortage of empty freight cars in the Southwest, and the Governor of Missouri has aked all of the carriers to do what they could to alleviate the situation. Many calls have been received from farmers that wheat was being dumped in the streets.

From Canada, we heard that sales of Canadian wheat to Germany were finally being completed today, and there was between 100,000 and 150,000 tons involved.

Despite the sharp upturn in wheat corn was rather indifferent, and in our opinion this is largely due to optimism felt that another large crop is in the offing. Of course, there could be scares or actual damage between now and cutting, and actually corn is not really safe until about August 8th. New crop beans were likewise little affected by the general upturns, although July beans were stronger, and there seems to be very little pressure. This is sort of a paradox because according to government figures there were on June 1st 104.3 million bu available for export or carryover, which was 43.4 million greater than for the same period a year ago.

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CHICAGO, 4 July 7, 1955.

June is often an important month in Canada, and weather determines both the size of the crops and quality of their grain. Flooded condition early in the season prevented a full acreage from being planted, but since that time they have been more fortunate, and on the whole atmospheric conditions have been mostly favorable. A week or ten days ago there were some complaints of dry weather in parts of Saskatchewan, which is the large wheat producing province of that country, but there were further heavy rains during the last day or two in southern Saskatchewan, and a period of fair weather would now be welcome. The three Prairie Provinces under normal conditions produce heavily. First of all they enjoy virgin soil, at least compared with European countries where agriculture has taken its toll from the ground over a period of centures. True, fertilizers are needed but their fields are broad, the wind is fresh and bracing, and the sun is strong. Because of its condition in the world's orbit Canada enjoys certain advantages that we miss. Their days are longer in the summer, thus the sun's rays probably create a situation where protein develops to a greater degree, although scientists do not all admit that this is necessarily a fact. Their fields and their crops suffer heavily when drought comes, and sometimes production is cut down by an early freeze, or when rust damage is severe.

On the whole it looks as though a bountiful wheat crop is in prospect, particularly based on a somewhat reduced acreage. Canada depends to a greater degree upon the outcome of agricultural conditions for its prosperity. Whenever agriculture deteriorates the whole nation suffers; when agriculture goes forward the whole nation is given a new opportunity for progress. We in turn are influenced to a large extent upon the results that they obtain. While only a small amount of wheat is permitted to enter this country because of import restrictions we nevertheless have to compete with them when making sales abroad.

Our neighbor to the north has come a long way during a short period of time. In recent years her wheat crop has exceeded 600 million bu on two occasions, and despite crop failures the 10-year average production amounted to 456 million bu. With domestic disappearance only accounting for about 150 million bu there is plenty for export, and this is a vast difference from the period before the wars when Canada was relatively unimportant as a wheat producing nation. For example, in 1917 she planted only 14.7 million acres and produced only about 233 million bu. Since that time new lands have been opened up, and there have been occasions when the acreage was twice as great and the yield more than doubled. In 1918 and 1919, the period of World War I, she actually raised less than 200 million bu of wheat each year. Thus it can be seen that we are dealing with a different competitor which is now using her skills, her resources, and her energy to a far greater extent to make a decent living.

Before our market opened this morning there was not much to guide it Advices from Kansas spoke of additional harvesting progress, and by July 2nd, 54% of the 1955 crop had been gathered compared to 30% a week ago. Ripening of wheat was slow in many districts because of damp and cool weather, but wheat harvested to-date has been of exceptionally heavy test weight, which leads us to the belief that the final crop figure will be larger than was privately estimated yesterday.

The Japanese government has decided to import 50,000 tons of soybeans from Red China if the price is reduced. There seems to be a good chance that business will be done in those quarters, and that the demand from U.S. consequently will be lessened.

Corn reports are mostly favorable, and in Illinois the plant grew 10 inches during the past week, and now averages 30 inches. Some showers have occurred, and were particularly heavy in western Iowa, but the forecast is for an unsettled condition over most of the corn belt, with scattered showers and thunderstorms expected tonight west of the Mississippi and east of that point by Friday with warm temperatures continuing.

Primary receipts of wheat today were nearly 5 million bu, which was not only more than last week but a little more than last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1.6 million bu.

Markets were much more quiet. Both state and private reports were extremely optimistic with respect to the crop outlook. To-date no serious fears of rust in the Northwest have developed. Milling demand was more on the quiet side, but wheat was barely steady as there was not much pressure. Corn and oats, as well as beans, were lower, and there is no particular buying incentive so long as crop prospects are being fully maintained.

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CHICAGO, 4 July 8, 1955.

America's economic progress is based upon productivity. In that respect we have made tremendous strides. Production per worker in this country is about ten times that of the pre-machine period, and about ten times that of the average worker in the rest of the world. All this tends to explain why we enjoy the fruits of prosperity, and practically every person in the country can ride in an automobile at the same time. The construction boom continues, and for the first five months the value of new construction made a record of $ 15.3 billion, or 15% above the same period of last year. For the first five months of 1955 retail sales aggregated over $75 billion, which is an increase of 7.8% above the same period of 1954. Many factors, of course, play an important part in these outstanding achievements, but probably one of the most prominent is that the American worker is well equipped with power-driven machines, and has at his command the equivalent of 36 electric slaves. These machines for the most part are financed by earnings plowed back into business, and most of the remainder comes from savings of the well-to-do. It should not be a surprise, therefore, that the largest increase in employment over four decades has been in those industries that have made heaviest investments in plant and equipment. But still all this would not have been possible had it not been for sound management.

Before our market opened this morning there was not too much to guide it. There had been three inches of rain at Minneapolis and showers in other parts of the Northwest. There was also some rain in Nebraska and northern Indiana, while it was generally fair Southwest. The forecast suggests some showers and thunderstorms in the spring wheat areas tonight and Saturday with cooler temperatures tonight. For the corn belt, some showers are likely and by Sunday afternoon it should become generally cooler. Not much precipitation is expected for the Southwest.

According to advices from Broomhall, the wheat crop in Turkey looks excellent, and prospects have been maintained. There should be big yields in contrast to last year's small crop. At that time it was necessary to import wheat in order to offset deficiencies at home, but a totally different condition prevails now, and export sales are likely to be made very soon to deficit countries, with shipments starting in volume this fall. After political difficulties in Argentina, exports of wheat have trickled to small proportions, but the government more recently has been selling wheat to exporters on a large scale, making foreign business possible again.

When our market opened this morning it was influenced by the strength at Kansas City, and some buying that appeared to be for mill account. Germany also completed its purchases, but otherwise export sales did not amount to much. There have been rather firm cash markets in the Southwest in spite of heavy receipts, and apparently consumers realize that this is the season of the year when they have to build up supplies.

Primary receipts of wheat amounted to 4.2 million bu which compared with 3.5 million bu last week, and 4.8 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 2.2 million bu. When the visible supply is posted on Monday it will compare with an increase of nearly 13 million bu last year.

Trade was a little on the light side but wheat prices were very firm, and Minneapolis futures were stronger than we were, while advances at Kansas City were about the same as ours. The flour business which we mentioned earlier was not altogether general but apparently some mills had made fairly good sales to a few chain bakers, and there were some hedges covered.

New crop corn futures were steady, but the nearby deliveries, representing old-crop, were lower, and there was no particular demand. There was no great feature in beans; the market was quiet but seemed to sag without any particular demand, and there seemed to be some selling by tired holders. The July future was relatively the strongest, but new-crop deliveries were more influenced by good weather and fine crop prospects. They closed weak.

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CHICAGO, 4

July 11, 1955

After the close of the market this afternoon we shall have a government report, and it will reveal many interesting facts. Thee has been considerable speculation as to whether increases would be shown over the previous wheat forecast. Our own opinion is that judging from yields in Kansas, Nebraska and the red wheat states that upward revisions are likely. We also feel that with the fine weather and crop development Northwest that there may be some improvement in the spring wheat production. The Department will report on soybeans and give us an acreage figure this afternoon. From what we have heard there have been increases over last year, and this may be a year of heaviest sowings in history. There have been increases in most of the newer grain areas, such as the western fringe, and also in the mid-South. There has also been some expansion in the older grain areas of the mid-West. However, it should be noted that soybean planting is not fully completed in some areas, and elsewhere there are occasions where replanting may become necessary. However, beans in a few instances have replaced corn or other crops that made a poor start. This much can now be said: namely, that reports of the crop are generally on the optimistic side. Growing conditions are satisfactory, moisture level is better than for several years, stands are good, and the outlook, with a few exceptions for weed control, is likewise favorable. Thus we may have fully as high a figure as was given in the private report earlier this month when a forecast of 385 million bu had been made. No figure will be mentioned today. We would not be surprised also to see a corn figure in excess of 3.3 billion bu.

Altogether prices received by farmers have remained relatively stable for about a year. This is in contrast to a drop in farm prices of 21% from the Korean peak reached early in 1951 to mid-1954. During the last 12 months the index of farm price has fluctuated within a 4% range. Several factors have been responsible for the firmness in markets, as for example, the loan which prevented severe declines, but probably as much help was the record consumer demand which sustained farm prices in spite of relatively large supplies of nearly all major agricultural commodities. It should be borne in mind that nearly 60% of the year's total volume of farm commodities is generally marketed from July 1st to end of December. Thus price trends during the six months' period will be a major factor in determining the level of the 1955 farm income. We may have more than the usual seasonal decline in this period, with a record or near-record output of crops, large stocks, and also lower support prices which are scheduled for some commodities. There is also a larger output of most livestock products.

The Chicago Commodity office announced today that it was willing to exchange corn in interior positions where storage space is scarce in return for corn at the Seaboard. Business will be limited to the extent of export requirements. All swaps will be priced at the market at both ends with simultaneous exchange of warehouse receipts. The Chicago CCC office is interested in #2 yellow corn which does not carry moisture in excess of 14%.

Weather over the week-end was quite good. There was more than 1 inch of rain in Chicago with northern sections of Illinois and Indiana favored, and the precipitation extended as far southward as Terre Haute, Indiana, where over 2 inches fell. They also had fine rains in Iowa, and the amounts ranged up to 3 inches at Cedar Rapids to 6 inches at Sioux City. It will probably be fair over the corn belt tonight and Tuesday, but scattered showers are expected in the Northwest,

Here in Chicago there was an increase of 1 million bu in the wheat stocks, to a total of nearly 7 1/2 million bu; corn decreased 464,000 bu locally, and there were minor changes in the other commodities. The U S wheat visible increased 14.6 million bu to a total of 364 1/2 million or 30.8 million bu larger than last year. Corn increased 145,000 bu. Beans increased 373,000 bu to a total of 1.8 million bu, which is only half of what we had on hand a year ago. Oats increased 251,000 bu.

Early in the session wheat was quite weak and reacted from the strength on Friday. On the break, however, there seemed to be some good flour business, with the result that wheat prices both at Kansas City and here firmed materially, and the close was strong. Other grains, however, were not much influenced except that they steadied when the leading cereal advanced. We heard that the government had sold 2.8 million bu of #3 northwest barley to exporters at prices ranging from 82 to 83 1/4. It is now believed that total wheat exports for the season were higher than the 250 million bu earlier forecast. During June we shipped 25 million bu vs about 19 million during May. July beans held relatively firmer than new-crop futures, but market generally for feedstuffs declined, and whatever bearish feeling there is stems almost entirely from the fine crop outlook.

UHLMANN GRAIN CO.

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CHICAGO, 4 July 12, 1955

Yesterday's wheat market had been paced almost entirely by the large flour sales that had been put through. There was additional business in the afternoon. It was not surprising, therefore, that with the covering of hedges the Kansas City and Minneapolis markets opened higher. Surprisingly enough our wheat opened slightly lower, and was influenced by the government report showing an improvement in total wheat production of 15 million bu over the previous month. The real bearish factors, however, were in feed grains, and an estimated corn crop of 3,449 million bu was 100 million bu more than had been privately estimated by Galvin. The oat crop of 1,513 million bu was also regarded as very big, particularly as it compared with the 10-year average production of 1,323 million bu. There was improvement also in the barley crop, and a slight increase in the rye figure, with 27.2 million bu now indicated against an average crop of only 21 million bu. The country's farms on a whole have done exceptionally well, and it now looks as though 1955 would be the second most bountiful year on record, according to experts in the Department.

All this has occurred despite some curtailment in planting, but losses were smaller due to favorable weather and less insect infestation. Corn yields are expected to reach a record of 42.7 bu per acre compared with 37.1 bu per acre last year, and a 10-year average of 36.4. In wheat there was a reduction indicated for the spring wheat crop, but this was more than offset by an increase of 24 million bu in winter wheat. The largest increases were in Nebraska which showed an improvement of 12 million bu, and Kansas production was up about 5 million bu. In all probability, the final outturn of winter wheat will still show some upward revisions. As far as the spring wheat crop is concerned, much will depend on the progress of stem rust, and already the government has calculated some damage, together with dry weather in certain areas.

The government estimate on soybean acreage was about in line with expectations, 18.4 million acres, on which a crop of 375 to 400 million bu seems likely. There was, however, considerable comment regarding the number of soybeans remaining on farms, this figure given as 33 million bu as of July 1st and compared with 114 million bu on April 1st. The only conclusions that we are able to draw is that a probable carryover reserve of 20 to 25 million bu appears likely on October 1st.

The overnight bookings of oats were again quite heavy, but only fair in wheat. Not much attention was paid to the weather, although it has been generally fair over the grain belt during the past 24 hours, except that a few local showers fell over Nebraska. The forecast suggests some scattered showers in the Northwest, although in the winter wheat areas it will be mainly fair and hot tonight, with the same conditions prevailing Wednesday. It will likewise be fair over the corn belt, with little change in temperatures.

Shortly after the opening buying of wheat for mill account seemed to have subsided, and we heard some comment that the bulk of the flour business may have been completed. It seems to be the general pattern that a period of quiet follows the extreme activity, although with a long lag in buying none of the bakers seem to have large stocks on hand, and it now remains a question as to when they may again re-enter the market for further supplies.

Primary receipts of wheat amounted to 3.7 million bu which compared with 11.8 million bu last week, after the holiday, and 4.8 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,149,000 bu.

Trade was not near as heavy as yesterday, but it now has developed that the flour business in winters was enormous, and estimates on volume ranged to above the tremendous total of a year ago. According to The Southwestern Miler most of the big bakers bought 4 to 5 months ahead, and in one important instance, even well beyond that point. Large and small independent bakers bought heavily, many covering into 1956. As is so often the case, extreme quiet prevails after a big business is consummated.

Spring wheat reports on the whole are optimistic. In the northern part of North Dakota harvesting is still 2 to 3 weeks away, but in earlier sections there probably will be some rye and coarse grain cutting within a week. Temperatures are ranging from 60 to 77 degrees in the three northwestern grain states, which is extremely good and does not suggest rust weather. On the whole the past week was satisfactory for growing crops in those areas.

Corn developed weakness, and the same was true of the deferred bean futures early, but they recovered. The July delivery remained relatively firm, with the small supplies in Chicago. The first tenders of wheat were made on July contract. Crop lows were made in corn.

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CHICAGO, 4

July 13, 1955

A winter wheat crop of 663 million bu is in prospect for 1955. The yield per harvested acre is 19.6 bu, which compares with last year's near-record yield of 20.5 bu, and the average of 18 bu. This is really a wonderful record considering the early drought in many parts of the Southwest, principally Texas, Oklahoma and Kansas. Even when rains came they were too late to provide much improvement in yields. Had the same amount of precipitation been more evenly distributed it would have made a tremendous difference in the final results.

Too few of us apparently realize the importance of water. Lack of it is again becoming a factor in Texas on those farms that are unirrigated, and where the sorghum crop may still be heavily affected by rain or lack of rain which may occur during the next few weeks. Year after year agriculture in many regions lacks sufficient water. Those of us who live in cities forget how vital water is to us, possibly because it is so cheap, and costs only 5 or 10¢ a ton. We find it difficult to realize that the average use of water per person in the United States is around 1,300 gallons per day, or more than 5 tons. It takes, roughly, 3,000 gallons of water to produce a pound of cotton. It requires about 40 gallons of water to grow feed to produce the egg. 1,800 gallons of water are needed to grow the grain to make a pound of beef. It is true that great strides have been made in irrigating farms during the last two decades. Every year we start about 100 million acre-feet of water toward fields for irrigation, but only one-fourth of it gets to the job; three-fourths are lost. If just one-third of this loss could be prevented- in other words, if 50 million acre feet instead of 25 million were saved the value of the saving would be about $50 million a year, and the amount of water actually irrigating would be doubled. Under a recent amendment to the Water Facilities Act, thousands of farmers are now able to obtain loans for improving their farm facilities.

Before our market opened this morning there was not too much to guide it. There had been some fairly good rains both over portions of Minnesota and North Dakota, with Fargo benefiting to the extent of one inch. There were also a few light showers in the Texas Panhandle, but elsewhere it was mostly dry. We may expect some scattered showers this afternoon and tonight in the Northwest, but it will be generally clear over the corn belt, except for possibly local showers in northern Iowa and Nebraska.

In Europe , weather has been mainly favorable for harvesting. Yields are turning out about average, although in France the wheat crop may be somewhat below last year. The Italian harvest is well advanced, and official estimates of the wheat crop are 294 million bu vs 264 million bu last year, and 338, million bu two years ago. However, some private estimates are well above the official count. In Germany, a good average wheat crop is expected. This news came to us from Broomhall, who also speaks of cold weather in Argentina which has prevented excess early growth of wheat. Seeding operations in Australia have been favorable, and most areas are well supplied with moisture so that good germination is indicated.

Primary receipts of wheat today amounted to about 5 million bu compared with 4.8 million bu last week and 4.5 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1.6 million bu.

Trade was much lighter today than it was on Monday or Tuesday. A few hedges were covered against milling business, but this seemed to wind up some of the large orders previously placed. The state reports were generally favorable with respect to crop development. For example, in Illinois growers in many areas indicated that they never had seen a higher wheat yield per acre. There was also excellent progress in Montana, which is one of the large producing states; they will raise almost as much winter wheat this season as they do spring. Soil moisture seems to be generally adequate to plentiful in all except some southwestern localities. Harvesting of winter wheat, rye and oats has gotten under way in southern counties about one week earlier than last year. The wheat market was subjected to a few hedges from Ohio, and Indiana, and the close was lower. Millers are now long futures against recent flour sales, and as they buy cash wheat there may be some hedges sold out again. Therefore, the market needs good speculative support to advance much from this level in the near future. Corn trade was rather light but the market was firm, and same was true of new-crop bean futures. In spite of the strength in July meal there was some selling of July beans and that delivery reacted, but stocks in Chicago are not being built up, and there is still a large open interest.

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CHICAGO, 4 July 14, 1955.

Probably most emphasis these days is being placed upon the activities of the CCC and the prop-supporting policies of the federal government in an effort to sustain agricultural prices. Much notoriety is given by the newspapers to the accumulation of supplies, and the fact that over $7 billion are now invested in crops which have been amassed through various support programs.

Less attention is paid to the scientific research and other developments for which the Department was originally organized in order to be of the greatest help to the farmers. While everyone appreciates the commercial value of hybrid seed to corn, few realize that actual reaearch costs only about $15 million, while the annual value today is close to $1 billion. Nor do many people know that when penicillin is administred to patients seriously ill that this wonder drug could never have been perfected had it not been for the Department's regional research laboratory at Peoria, Illinois, which devised the first means of producing penicillin in commercial quantities. The research that made possible commercial production of penicillin cost about $100,000, and the number of lives that have been saved can hardly be reckoned in dollars, although the commercial value of this drug runs into hundres of millions of dollars each year. Those who remember their history will recall that when the French undertook to build the Panama Canal they failed because yellow fever killed off so many workers. The United States succeeded only in completing the work after they had found a method to fight this ghastly disease. It was a test tube in the hands of an agricultural department's scientist that helped make this important work possible. We say, therefore, that scientific research by the government should be expanded even to a greater degree, and that this phase of the work should become a more important item than that of price-fixing or price-stabilization programs.

Before our market opened this morning there had been reports of rain in parts of Kansas and Oklahoma, also some light showers in the Texas Panhandle. At some stations such as Sioux City, Iowa, they also reported 1/2 inch rain, and the same at Hastings, Nebr. Warm weather seems to have set in and temperatures are above normal for most sections. It will probably be fair tonight in southwestern localities, except that showers in the east portions are likely. Scattered showers also seem possible for central and southern parts of the corn belt either tonight or Friday.

Wheat was somewhat lower at the opening, with a little hedging pressure, butthe volume was not particularly heavy. Members of the Exchange who tried to buy wheat this morning on the two-arrive rule, found offerings disappointingly light, but non-member firms who do not operate under the rule were rather aggressive buyers.

The government was reportedly a seller of about one million bu of oats at Minneapolis, and about 600,000 bu were also sold out of Duluth to exporters, but other details were lacking. Not much attention is paid to export business in wheat, but chances are that when this business is done, supplies will be furnished from CCC stocks; therefore, this foreign business is not much of a market factor. While ordinary wheat in the Southwest is selling 8 to 10¢ below loan figures there has been about 65 to 70% of the wheat sold thus far, part of this being due to the fact that there was some premium wheat, which brought a high price, and there may have also been some high moi sture wheat which would not qualify for the loan. In any case it makes it very difficult to come to any definite conclusions on the quantities which may be impounded. Kansas City wheat receipts were quite heavy today, and amounted to 817 cars vs 471 cars last year. At Fort Worth, Enid, Wichita, Hutchinson, Salina, Topeka, and Amarillo total carlots amounted to 976 vs 676 a year ago.

Primary receipts of wheat amounted to 4.6 million bu, which was a little less than last week, but more than last year. Kansas City and Minneapolis stocks together show an increase of about 2 million bu.

Wheat declined early in spite of firm markets at Minneapolis. The southwest flour business was dull, but there was some mill buying in the northwest, which helped the deferred months. Our March and May wheat closed higher, while July sagged. Corn and oats were indifferent and showed fractional losses. Oats are regarded as fairly cheap but likewise an enormous crop is in prospect. July beans declined more than the distant months on liquidation, but the fine crop outlook is discouraging to holders.

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CHICAGO, 4

July 15, 1955

In spite of tremendous increases in private storage capacity during the past five years, the Agriculture Department is still very much concerned over the necessity of additional storage space to harvest incoming crops. For the grain crop, as a whole including soybeans and flaxseed, it is estimated that there will be about 340 million bu more than a year ago in total reserve stocks. This is before any of the 1955 crops are gathered. Feed grain production will be particularly heavy. The 1955 corn crop is now expected to be the second largest of record. The oat crop is also estimated to be the second largest we have harvested, while barley and grain sorghums may be at all time record levels. In addition to approximately 1 billion bu of old crop corn expected to be on hand when the new harvest starts October 1st, we shall also have record carryovers of most other grains,

Acting Secretary of Agruculture, Mr. True D. Morse has warned earlier in the week that grain storage will be very tight again this year, and he has urged farmers to take immediate steps to prepare additional storage space that they may require. "The prospect of the second largest total crop production in our history, coming on top of record carryovers of supplies produced in previous years, brings farmers face to face with serious storage problems again," he said. In addition to these warnings authorization has been granted to the Department to buy additional grain storage bins if needed. Authorizations up to 100 million bu have been made by the CCC Board of Directors. However, the determination of thequantity of storage bins to be purchased will be made after a meeting which is scheduled in Minneapolis on Friday, July 22nd. This meeting will be attended by representatives of the Grain Storage Advistory Committee, directors of CSS Commodity Offices, and ASC State Committees from grain states. The broad representation provided by this group will make possible a current appraisal of the probable storage situation in all important grain regions. Any bins pruchased, of course, will be used where adequate commercial facilities are not available. It is expected that the chief need for such supplemental storage facilities will be in the Corn Belt. To show the extent to which the government is actively engaged in business we point out again the Commodity owns storage bins with a capacity of about 845 million bu, and in addition to this it is using temporarily a large number of idle ships of the Maritime Fleet with a capacity to store nearly an additional 100 million bu of grain.

Before our market opened there had been heavy and general rainfall reported over Missouri, Illinois and Indiana with the exception of the extreme northern portions of Illinois and Indiana, elsewhere rainfall was inconsequential. We shall probably have some scattered showers in the Southwest, with high temperatures, although rains will be mostly over extreme western portions.

When our market opened wheat was rather firm, and it is quite noticeable that both elevators and mills are buying very little grain to come to Chicago, and there seems to be a strong holding tendency by farmers. According to the Quaker Oats Co. the corn and soybean situation is about as good as they have ever seen it. Both of these crops are a week to 10 days ahead of normal in Iowa and Minnesota, and about normal elsewhere except in Illinois and Indiana where the advancement is slightly behind. The first soybean estimate will be close to 400 million bu.

Canada still has 485 million bu of wheat for export and carryover during the balance of this month. This compares with 600 million bu at the same time last year. It indicates a reduction of 115 million bu in the carryover from last year's total of 582 million bu. Export shipments so far this season have amounted to 235 million bu, or slightly less than in 1954. The crop outlook is far superior to last year when production was only 299 million bu.

Primary receipts of wheat amounted to 4.8 million bu vs 4.2 million bu last week, and 5 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2.4 million bu. When the visible supply is posted on Monday it will compare with last year's increase of 16.8 million bu.

Some fair sized flour bookings were reported, but in the main most bakers and jobbers are pretty heavily covered, and business seems to be on the quiet side, but, nevertheless, there is no pressure on our market, and wheat offerings in Indiana and Ohio are held up by rains. Combining of wheat is just commencing in the heavy producing areas of the Nebraska Panhandle, and the big run is expected to keep up for a time yet. There was a little better undertone and final prices were higher. Other grains firmed, although the volume of business in corn and in oats was rather light. July beans were a little stronger than the distant futures, and Chicago stocks are still small.

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CHICAGO, 4 July 18, 1955.

The government isapparently becoming cognizant of the fact that the present farm programis unworkable, and the fact that acreage reductions have occurred for various basic crops merely piles up trouble in some other field and aggravates a situation which heretofore may have been relatively stable. For example, last year feed grain and hay production has been boosted as acres were diverted from controlled crops. For example, plantings of cotton, wheat, rice and tobacco declined about 8 million acres from year-ago levels. However, the total planted acreage of oats, barley, sorghums, hay and soybeans increased by almost an equal amount. The net result is little over-all change in aggregate acres. The wheat acreage for the coming year, as for the past one, has been cut to 55 million, which is the minimum provided for under law. Even on that basis we produced, or are in the process of producing, a total spring and winter wheat crop of about 860 million bu. While this is 11% smaller than the 1954 crop it nevertheless is considerably more than we shall consume domestically, although we may cut somewhat into our reserves if exports are as large during the next 12 months as they were during the past season. Nevertheless, it may take a full decade, even with a cut in acreage, to get us down to a normal basis unless of course there should be some crop failures somewhere along the line. The 1955 corn crop was estimated last week at 3.4 billion bu, which is 16% higher than last year's crop of about 3 billion bu. A yield of that size has been exceeded only once --namely, in 1948 when we raised about 3.6 billion bu. With the large acreage of sorghums given normal weather from this time onward we may have a huge crop, and thus, in another year or two the problem surrounding feed grains may be just about as great as the one we experienced in wheat, except that as long as cattle numbers are high disappearance will be heavy.

Before our market opened this morning there was not too much to guide it. There had been some beneficial rains in various parts of the country, about 1 1/2 inches moisture was reported at Fort Worth since last Friday, and we had about 1/4 inch of rain at Lubbock, which is in the Panhandle region. Wichita had about one inch of rain, and the map is still unsettled, so that further moisture may occur. It is becoming a little dry in some of the northern tiers of the corn belt, but no general complaints have yet been heard. According to present prospects, the wheat crop in the Northern Hemisphere may be slightly larger than in 1954. Taking into account carryover stocks in the principal exporting countries, the world supply of wheat for the 1955-56 season may be a new record high. Prospects are so far for a larger wheat outturn in the Soviet Union, althoughcrops in Czechoslavaki Poland, and East Germany have been somewhat unfavorable. As a partial offset the wheat crop in Yugoslavia and Turkey is in excellent condition. Also production in India is large and unofficial sources state that no imports will be needed for the current season.

Here at home lack of storage has been mentioned insome quarters, and we have alluded to this problem in recent market letters. Western Canadian crop seems to be developing in a most satisfactory way, but acreage may be somewhat cut from earlier intentions due to adverse weather in the spring. According to one of our friends, there seems to be sufficient moisture to carry crops for at least a ten-day period, and warm, dry weather is now the prime requirement. Rust, however, is still a distinct possible hazard, but at the moment no major menace from this source is indicated.

Chicago wheat stocks increased over 3 million bu during the week, now totaling 10.4 million bu. Local corn stocks decreased 455,000 bu, leaving 6.3 million bu here. Oats and rye showed little change, but soybean stocks increased 135,000 bu, but still the local stock amounts to only 464,000 bu.

Wheat had a pretty good undertone considering the surrounding weakness in other pits. Corn futures made new lows today. Most of the oat futures made new lows while all rye and lard futures went into new low territory. There was no particular news except that crop conditions and comments are still mostly favorable. As aforementioned this is going to be a year when we shall have tremendous feedstuff supplies available. The July future of beans was very strong, while the deferred months declined and went into low ground. Wednesday is the last trading day in July, and according to some eastern sources we shall not have as large a carryover in beans as had been earlier expected, and it may be that last season's crop was overestimated.

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CHICAGO, 4 July 19, 1955

The official estimate of our wheat carryover will be released July 22nd. On the basis of April 1st stocks and estimated domestic disappearance, and also taking into account the quarterly exports, it is figured that we shall have a reserve of 1 billion or even a little more. This would be the fourth successive year that our reserve stocks have been accumulating, and if the present figure finds fulfillment we shall have four times the quantity of wheat in various positions that we did on July 1, 1952. It must, indeed, be discouraging to those who have been sponsoring the present farm program to see the amassing of supplies, not only in wheat but in other grains. Even sharp reductions in acreage are not apt to bring very much relief. We are raising this season about 860 million bu of wheat, which would be about 11% smaller than last season, and 25% less than the average for the ten years (1944-53). The 57.5 million acres which were seeded to this year's wheat crop is about 7% less than the 62 million acres seeded for the crop a year earlier, and nearly one-fourth less than the ten-year average. In spite of all this it is very doubtful whether we can make much headway in cutting our reserve stocks during the current season. Our domestic disappearance has fallen to about 610 million bu. Not only are our people eating less bread, but feed use has dropped to about 60 million bu; furthermore, with acreage reductions we are not using as much for seed as was formerly the case. In any event, with exports at about the same level as during the past 12 months: namely, 270 million bu, we may have a carryover reserve one year hence of about 985 million bu. This would be the first decline since July 1, 1952.

The fact that wheat markets are holding as well as they have been is due to the belief that large quantities may again be placed under the support programs, and thus reducing the free supply. It is now estimated that almost all of the wheat carried into the present crop is either owned by CCC or is in loan stocks. That, of course, has caused some artificial adjustments, and the same factor must still be reckoned with.

Marketing quotas will be in effect for the 1956 crop as a result of the referendum held in June. The national average support price has been announced at not less than $1.81 per bu, which reflects 76% of the estimated parity level. Not only are we increasing our wheat stocks at home, but the carryover stocks in the principal exporting countries continue large and the world supply of wheat for the 1955-56 season may be at a new record level.

There was no special weather news, but the map is unsettled, and according to the five-day outlook there may be some fair amounts of rain over the country, although it is apt to be light in parts of the corn belt. According to the Peavey crop report, the weather last week was seasonable for July, with some rather high temperatures, and moderately high winds and light to heavy thundershowers Northwest. Precipitation during the period ran as high as 4 to 6 inches in some sections. All this favored normal development of the crops. Some rust damage to Durum wheat now seems to be a certainty.

Primary receipts of wheat amounted to nearly 6 million bu, which compared with 3.7 million bu last week, and 4.5 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 472,000 bu. The visible supply was late in being posted, but for the week there was an increase of 15 million bu, and total stocks now amount to 379.6 million bu, which is roughly 29 million greater than last year. Contract stocks of wheat in Chicago increased to 7.3 million bu, and included in those figures are 1.8 million bu of #1 and #2 red winter wheat. Beans increased 408,000 bu, totaling 2.2 million bu. However, we heard late in the session that a chunk of beans were being shipped out of Chicago apparently destined for a Canadian port. This caused short covering in the July future, although new-crop beans went into new low ground, and markets generally were on the easy side, with all oat and rye futures making new lows. However, wheat was rather stubborn until near the end when it finally receded probably in sympathy with the declines in other cereals.

Flour business was slow, but according to The Southwestern Miller some mills believe that moderate easing in costs might bring in some renewed activity. July corn remains strong in relation to later months.

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CHICAGO, 4 July 20, 1955.

The wheat situation is becoming aggravated not only in this country, with the burdensome supplies that are being built up, but inother surplus countries as well. We have pointed out in several of our letters that we shall probably have a carryover this season in excess of 1 billion bu, and despite smaller acreages, it is doubtful whether we can cut our reserve stock to normal proportions in the next five years, even if acreages are restricted to the minimum permitted by law, unless there should be crop failures somewhere along the line.

Canada is likewise having her troubles, and even with a virtual crop failure last season they are having some difficulty in moving grain carried over from previous seasons. About a month or so ago news came from Ottawa that Canadian farmers would receive the lowest prices since 1945 for wheat delivered to the Board in the crop year 1953-54. The price was about 27¢ a bu under the eight-year average. The above date may seem a little out of line, but in Canada they have a system whereby initial payments are made when grain is delivered, and final settlements are determined after all accounting costs have been reckoned. Thus, it was only a short time ago that farmers who had delivered their wheat inthe 1953-54 crop year received a final payment of 6.384¢ a bu, which made the total price that they received about $1.56 1/2 a bu for #1 northern wheat at the Lakehead and Vancouver. This was the lowest price in nine years. It compared with $1.82 in 1952-53. When that announcement was made it brought cries from the opposition spokesmen in the Commons, and payment day was described as "Black Monday" in Canadian wheat farming history.

What the solution to all these problems is, remains a moot question, but holding supplies artificially high does not appear to be the sound answer, as obviously importing countries are fully aware of their strength and undoubtedly this was one of the compelling reasons for Britain's attitude in not continuing operations under the International Wheat Agreement.

There was nothing much in the overnight weather except that some nice rains had been reported over the South Plains of the Texas Panhandle. That land, however, is mostly irrigated and it would have been more favorable had the rain occurred farther north. It remains rather hot and humid over the country, with some widely scattered thundershowers probable during the next day or two. On the whole the state reports are coming in very favorably. There was comment today that Iowa's rains of the past two weeks had increased optimism for the 1955 crop, and soil moisture conditions are excellent in most areas. For Illinois, there are also many good reports, but the northwestern part of the state needs rain, and the Government Weekly claims that moisture reports show a shortage of about 33% for the state, but mostly in the northwest section.

For Europe, the weather is now hot, but there have been thunderstorms during the past week. This has caused lodging in some spots, but it is too early to appraise the effects. In France, the expected yields of wheat are 10 to 15% below last year, but part of this deficit may be made up because of larger acreage. There are heavy flooded areas in sections adjacent to Paris. Northern sections of Italy had some flooding, but elsewhere the crop outlook is satisfactory. An average wheat outturn is likely in Germany. Moisture supplies are very satisfactory in India, while crop conditions are very favorable in Australia.

Primary receipts of wheat today amounted to 3.9 million bu which compared with 5 million bu last week and 3.5 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 711,000 bu.

There was a little weakness in wheat early but when July beans showed strength there was some buying. There had also been reports that two cargoes of hard wheat had been purchased by Portugal for first and last half August shipment. There was some additional flour business overnight, and this probably took some hedges out of the pit. Cash wheat in the Southwest seems to be in pretty good demand. Railroads are busy hauling cars into Kansas City and ordinary #1 hard wheat in that market sold at 3 1/2¢ under.

Corn futures were weak, and there continues to be discouragement, with fine crop prospects still being reported. However, the July remained strong relatively until the last. There were only 60 cars in our receipts here of which 45 were for CCC, and we understand that the spot market was as high as 10¢ over. July beans were extremely strong and close about 7¢ higher. There had been 8 million bu in the open interest at the start of trading this morning, and shorts were at the mercy of longs. However, the great strength in the expiring future did not have any effect on new crop months, as they were more under the influence of the next crop, which is still in wonderful condition. Oats were very weak.

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CHICAGO, 4 July 21, 1955.

Secretary Benson, while not trying to minimize the effect of reasonable price supports upon our agricultural program, nevertheless places greater confidence in the value of research, education and market development. On several occasions he has pointed out that most of the great gains in agriculture have come from these sources. Just recently at Hutchinson, when making a speech, he said: "I believe they offer the surest approach to many of our problems." He has felt, ever since he came to Washington, that whatever role the government played in our farm program it must never overshadow personal freedom and initiative. He is convinced that farmers through their individual and cooperative efforts can do more for themselves than government can do for them. He believes that farmers themselves are too realistic and too self reliant ever to barter away the freedom to make their own decisions. Thus far it has been his aim to get away from rigid price supports and to adopt more flexible ones. Whether this is finally the full answer to our surplus program is something that cannot be quickly answered, although we have our grave doubts on this question. In the current season we shall probably only consume about 610 million bu of wheat domestically. Considering our huge population this is not a very good record. Of that quantity only about 488 million bu of wheat will be used for bread purposes, for cereals and to take care of our food needs. It may well be that with a prosperous era in which our people are eating other foods, such as vegetables, fruits, meats, etc. that the demand for bread has diminished. However, there is still some chance that through better public relations this situation might be improved and unquestionably the foreign outlets would be greatly enhanced if we had free, open and competitive markets rather than a continuance of subsidies which have restricted operations in the export field.

Before our market opened this morning there was not much to guide it. Some people had reason to believe that with July contracts out of the way that there might be a little more activity on the constructive side of the market. Furthermore, the declines in many of the feed grains have been very severe, so that we were probably entitled to some moderate reactions. The corn crop is never made until about August 8th, and should there be a period of continued hot weather, with no rains, we may still have some reductions from the present glowing outlook. There are a few showers in prospect but they will undoubtedly be light and scattered. It remains rather humid over all parts of the country and the hot weather has also extended to the Canadian Provinces where a few complaints are now heard, particularly with respect to oats and barley, which appear to be deteriorating, owing to the fact that the heat came on top of a shallow rooted plant.

Primary receipts of wheat amounted to 3,718,000 bu which was smaller than last week's receipts of 4,696,000, while a year ago we had 3,636,000 bu. Kansas City and Minneapolis stocks so far this week show a total increase of a little over one million bu.

Trade was, of course, lighter than yesterday, and there was not quite the excitement as when we had the expiring July futures, but in any event corn and beans advanced rather sharply, and this likewise had some effect on wheat, although best prices for the leading cereal did not hold. Three chains were reputed to have bought substantial amounts of flour. According to advices received from The Southwestern Miller, purchases were made for 30 to 60 days ahead, but bookings by independent bakers were only of moderate size. There were reports here that Austria bought 8 cargoes of corn for shipment starting August 20th up to mid-October. At the same time Chicago receipts were a little larger at 134 cars, but of this quantity 101 were for Commodity, so the free movement from the country is light and buyers were compelled to pay 12 1/2¢ over September in the spot market.

According to Broomhall U S wheat and flour shipments last week amounted to 5 1/2 million bu, bringing them up to 11 1/2 million bu for the first two weeks of this season. This compares with 9 1/2 million bu a year ago. Our corn exports during the week were 3 1/4 million bu and since October 1st shipments have totaled 67 million bu, which is one million bu more than a year ago. Since August 1st six important wheat exporting nations have shipped 739 million bu of wheat, which compares with 701 million a year ago. France in addition has been a reasonably heavy contributor, having cleared about 71 1/2 million bu to the end of May. We can recall times when France had to import, and often depended upon supplies from some of her colonies, such as Algeria and Morocco. She will probably be an exporter again this coming season.

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CHICAGO, 4 July 22, 1955.

When the government crop report was published on July 11th they indicated a spring wheat crop of 197 million bu, which was a decrease of about 9 million bu from the June 1st estimate. We do not know whether any allowance had been made for possible rust damage at that time, although we have heard conflicting reports that sometimes they try to correlate actual condition of the crop with the possibility of what may happen based on weather conditions which have prevailed since the data was gathered. In any event, we must assume that on basis of figures, this will be the second smallest crop since 1939, and production will be about 31% below average, although in comparison with last year's failure crop of179 million bu, the results in all probability should be better irrespective of what happens between now and harvest. We had occasion to speak with one of our friends in the Northwest yesterday afternoon. They were experiencing hot and dry weather there, but apparently the crop was going ahead of rust, which is often an important factor, and it was his opinion that the outlook was still very good, but of course recognition must be taken of the small acreage, which is also an important factor.

The government report, itself, pointed out that the crop is again threatened by black stem rust with traces of infestation being reported in many fields of the Dakotas. Our informant did not believe that the situation was any more serious now than it had been at that time. The prospective yield per harvested acre at 14.6 bu is just exactly average, although last season when adverse crop conditions occurred, the yield dropped to a little less than 12 bu per acre.

From the other reports at hand this morning, it appears as though there would be some scattered showers over the weekend in the Northwest, probably cooler tonight and Saturday, and moderate temperatures Sunday, which would be beneficial. For the corn belt, local thunderstorms are expected late tonight or Saturday, and also cool in the northern portion Saturday, and more moderate temperatures by Sunday in the central and southern districts.

Some of the buying which occurred yesterday was no doubt on the possibility that if it remained hot, humid, and clear that there might be some crop scares by next week. Some of the apprehension, however, has been partially dissipated by the weather reports just cited, and also the five-day outlook, which suggests some unsettled conditions.

As far as Canada is concerned the Winnipeg Free Press reported yesterday that one of the best crops in years is standing in western Canadian grain fields. In many sections wheat and coarse grains may rival the bumper outputs of the recent big years, according to a survey. The wheat stands are predominantly heavy throughout Manitoba and Saskatchewan, and mostly medium in Alberta, with about half the crop in head. Despite the fact that it has been extremely hot in many sections of that country, and moisture reserves sapped, it is still pointed out that present moisture supplies can sustain crops for ten days to two weeks in most districts.

With this information at hand there seemed to be a little easier feeling this morning, particularly after some of the short covering which had taken place the day before.

Not much attention is being paid to news from Geneva, and the stragetic policy of our President in offering to exchange military secrets with Russia in an effort to reduce tension. There has been no answer yet from the Soviet High Staffs, but elsewhere the proposal was very favorably received as not merely a peace gesture but a realistic bid for further overtures by all participants of the Conference to show extreme sincerity.

Primary receipts of wheat amounted to 3 1/2 million bu which compared with 4.8 million bu last week, and 3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1.3 million bu. When the visible supply is posted on Monday it will compare with an increase last season of 16 3/4 million bu.

Markets were on the easy side, with a little better weather in prospect. Some new crop lows were made for various corn and oat futures, and while beans sagged there was no pronounced feature. Rye went contrary to the trend, and early strength probably reflected some domestic rye flour sales, but elsewhere flour demand was slack. Hard winter sales have fallen off sharply, but there was a little new business in the Northwest. Some evening up of commitments were noted prior to the weekend.

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CHICAGO, 4 July 25, 1955.

After the close of the market on Friday, the government issued figures showing stocks of various grains, although the report on soybeans will not be published until Thursday. The wheat carryover was about in line with expectations, showing a reserve stock on July 1st of 1,020 million bu. When we add to this the total winter and spring wheat crop of 860 million bu, which was the last official estimate of the government, it will mean that we started with total supplies of 1,880 million bu. The USDA forecasts that domestic consumption for all purposes will probably be about 610 million bu, or the same as last year. If we assume that exports will likewise be the same as they were in the season just ended --270 million bu -- it would give us a reserve stock one year hence of a billion bu. Thus from a statistical point of view we are not making much headway, despite decreased acreages and great efforts on part of the government to get our supplies into foreign channels. The report also showed corn stocks of 1,576 million bu, which was anew high for that date, and exceeded the previous record set last year by 170 million bu. The carryovers of oats and barley were also larger than a year ago, and taken altogether the report showed that feed-grains were 17% greater than last season, and the largest for July 1st in the thirteen years for which comparable figures have been kept.

Thus one could hardly have expected anything but a lower opening, particularly with the good rains which occurred over the weekend. They were most favorable in the northern sections of Illinois and Indiana where it had been dry. There was not much rain in Iowa except along the river, but Ohio also received some precipitation, and there was some fine moisture in the Texas Panhandle which should be favorable for the sorghum crop. The weather map is still unsettled and some scattered showers are likely by tomorrow, but in any event the heat wave has been temporarily broken.

Crop reports from the Northwest were mainly favorable, and the same was true of Canada. Sanford Evans tells of excellent progress in Manitoba. Wheat is now heading out. In Saskatchewan they had ample moisture and high temperatures last week but crops look good and are much more advancedthan at this time last year. With nearly ideal growing conditions in all districts of Alberta, the crop made excellent progress during the past week. In Europe advices are somewhat less favorable, according to Broomhall, but still no indications of any material lowering of prospects, taking the Continent as a whole. Torrential rains caused lodging in some areas, while in other sections high temperatures and lack of rain were unfavorable. This authority does not anticipate any appreciable reduction in the wheat outturn compared with a year ago.

Here at home farmers have not done too badly during the first six months of 1955. Despite lower prices for livestock and products, and lower hog values, farmers received about $12.2 million from marketings in this six-month period, which was a reduction of only 4% from last year. Receipts obtained from soybeans potatoes, and truck crops were substantially above last year, thus making up for some of the poorer prices received for other commodities. Output of all crops this year, on basis of July 1 conditions, is expected to total second largest on record With meat animal, dairy, and poultry production at record levels, total output of all farm products in 1955 porbably will reach a new high.

When thevisible supply of wheat was posted there was an increase of 16 million bu, which brings the total to 395 million bu, or 28 1/2 million greater than a year ago. Corn showed a decrease of 2.6 million bu. Beans decreased 910,000 bu, and the total stock in various positions is only 1.3 million bu vs 4.1 million last season. Here in Chicago wheat stocks rose to 13.6 million bu, an increase of more than 3 million bu for the week. Corn stocks locally decreased to 5 1/2 million. Oats increased to 4 million and there was a small decrease in rye. The bean stocks here declined to 246,000 bu but there were 389 cars of beans here today; so chances are that when the unloadings are made we shall have a million bu here.

Markets were all rather weak, although there were some recovering from the low point. New season's lows were recorded for corn, oats, and beans, and at times there was moderate liquidation. Milling demand was very slow, and some mills claimed that sales on hard winters were almost at a standstill.

France was reported to have bought 14,000 tons soybeans for October-November shipment. This business, however, may have been put through late last week and had no particular influence on prices. September beans were weaker than the deferred.

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CHICAGO, 4

July 26, 1955

Hot, humid weather has returned to the Mid-West, and according to the five-day outlook we may have a continuation of this condition for a few days. There were, however, some thundershowers over parts of North Dakota and Montana, and it seems likely that showers will occur over parts of Iowa, although the extent of these cannot be determined at this time.

As far as crop development is concerned, everything seems to be most optimistic at the moment. The July wheat forecast was raised and could still be increased a little by August, judging from the local reports that we get from various sections of the country. Both the corn and oat crops appear to be the second largest of record. A record high is expected for the hay crop, and the forecast last given was 109 million tons, which exceeds the ten-year average by 7%. The barley crop appears to be the second largest in history, based on July 1st prospects, which would be 44% above the 1944-53 average. The rye crop was increased 1 1/2 million bu during the month and indicated production of 27.2 million bu is 29% above the 1944-53 average. Soybean planted acreage at nearly 20 million acres exceeds last year's record, and chances are that 18.4 million acres will be harvested for beans this year if growers carry out their intentions. Sorghum acreage planted and to be planted for grain forage, silage, and syrup is estimated at 22,815,000 acres, which is the largest sorghum acreage of record, and about 15% larger than last year, and 8% larger than the previous record high in 1940. Thus we have painted a rather rosy picture.

There are always two ways of looking at news of this kind: first, what the surplus and storage problems will be for the present; secondly, how lucky we are that agricultural progress has kept up so well. We can probably anticipate a population of over 200 million people within twenty years, which is at least 35 million more than we have now. Let us look back for a moment to see what has occurred in the past. Thirty-five years ago we had in production in this country, in round numbers, 350 million acres of crop-land. Today, our crop-land base is about the same, at approximately 350 million acres. How did we provide the materials, principally food and fiber, necessary for 60 million more people than we had thirty-five years ago? There are, of course, many important factors, but primarily it was the technological progress during the past fifteen years which greatly increased output per acre, per animal, and per man-hour. In 1940, a farm worker produced enough food and fiber on the average to supply himself and ten other persons. Now each farm worker produces enough for himself and eighteen other persons. This in short tells the story rather vividly.

There is little in the present picture to indicate any significant increase in productive acres in the near future. Some new land may be opened up by reclamation and other means; however, it is just as apt to be offset, even exceeded, by further urban development, the use of land for streets, highways, airports, and other public purposes. Then, too, there may be some abandonment of existing low producing acres. Thus we must look forward to future technological development, and there is every chance that with scientific research this can be accomplished.

Primary receipts of wheat were 4,268,000 bu compared with 5,922,000 bu last week and 2,753,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 342,000 bu.

There was a lag after the recent purchases and short-covering that had taken place yesterday. Milling demand is extremely slow for hard winter flour sales, and the same dullness applies to soft winter wheat business. There have, however, been some bookings in the Northwest. Our office in Minneapolis, after talking to several people who are well informed on spring wheat conditions, said that in their opinion the last government report on spring wheat was too low. Also, that the milling quality might be the best in years.

The market was easy in wheat, and while there was no particular pressure, there does not seem to be much speculative enthusiasm at the moment. High temperatures in the Northwest have forced all crops, with the result that harvest is moving ahead rapidly, and there may be some hedging pressure from there before long. It was reported that the Continent was buying fair amounts of corn and soybeans for October-November shipment, but Japan postponed purchases of U. S. wheat until July 29th. Broomhall reports that the wheat crop now being harvested in Turkey appears to fall about midway between the crop of 180 million bu last year, and the record outturn of 240 million for the two preceding years. If this is the case they may have a yield of some 220 million bu, and they might return in the export column on a bigger scale before long. Corn, oats, and beans were firm. UHLMANN GRAIN Co.

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CHICAGO, 4
July 27, 1955

The Assistant Secretary of Agriculture, Mr. Peterson, speaking a few days ago before the American Association of Agricultural College Editors at Omaha, called attention to the fact that we are living in an era of increasing agricultural competition. "There is competition," he said, "between farmers-- between the alert farmer and the less alert farmer." It should be our aim, he feels, to improve the ability of all farmers to compete, but certainly we cannot expect to accomplish anything through misdirected thinking. He points out that for many years we have been over-emphasizing price in our consideration of agricultural programs. Farmers have been encouraged to believe that a high price is the answer to all problems. Somewhere along the line it was forgotten that price without a market is meaningless.

Before our market opened this morning we were told that there had been a few light showers in Minnesota and Nebraska, also some further rains in the Lubbock, Texas, territory, but elsewhere over the grain belt hot weather had continued. It was mostly muggy and record-breaking thermometer readings were reported at a number of points, at least for this season of the year. It is encouraging, however, to note that in the corn belt there will probably be some showers in the northern portions tonight or Thursday, with a drop in temperature. The rains might even extend to central and southern districts, but this is not too certain at the moment. Corn, of course, is a hot weather plant and is not bothered as human beings are by heat; in fact, it takes about 99 days of hot weather to bring corn to maturity, but likewise there must be some moisture in between.

In any case the state reports are reasonably optimistic of progress to-date. For Illinois it was stated that warm, humid weather of last week was quite beneficial to corn, which now averages 5 1/2 feet tall, about the same as last year at this date. In Iowa, it had been hot and humid during the week and while precipitation was spotted for the most part, there had been some scattered local showers in a few areas. The 1955 Iowa corn crop is developing 5 to 7 days ahead of average. The stage of development of the current crop has been earlier only once during the nine years of record.

Broomhall's resume on foreign crop conditions was quite good. Crops on the Continent have made rapid progress in a number of countries. Heavy rains have handicapped harvesting in some areas, but this is not expected to affect yields to any noticeable extent. Storms have lodged crops in parts of France and made it more difficult to gether in wheat and oats. However, an official estimate places the wheat yield at 369.5 million bu vs. 385.7 million last season. There have been some occasional storms in Western Germany but a good breadgrain harvest is expected. Recent advices indicate that import requirements in the coming season may amount to 2,240,000 tons wheat and 1,540,000 tons feedgrains. Early advices suggest that no rye imports will be necessary. Clear weather is favorable for gathering of the movement of wheat in Italy for the later harvest area in the North. There has been some improvement in the corn crop prospects and they are now predicting that the outturn may top last year by a small margin.

Primary receipts of wheat today totaled 2,530,000 bu vs. 3,905,000 bu last week, and 2,376,000 bu on comparable day of last year. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 384,000 bu.

Extreme quiet seems to prevail in hard winter wheat flour business, with booking of only a few unimportant lots. The wheat market was rather indifferent today with very little outside interest being shown. It was reported that the CCC sold about 3 3/4 million bu of low-grade spring wheat at the lowest price so far offered for thistype of wheat. There are tenders coming up today on 2 million bu of corn, 3 1/4 million bu of barley, and next Monday on 1/2 million bu of rye. Apparently the policy of trying to liquidate government stocks is being carried on, but it also shows the competition the private tradehas to encounter.

Beans and corn showed a somewhat better undertone. Offerings of new beans, while not as yet in large volume, is equal to about the November price basis Chicago.

Oats showed independent strength. There was some commission buying and all offerings were very light.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 28, 1955

It is human nature to look at present conditions or the nearby future as it affects us the most. At the moment there does not seem to be any indication of decreasing the large surplus of grains and agricultural products which we are producing in this country. However, taking the long-time range, future generations may face conditions entirely different. In a recent address, Assistant Secretary of Agriculture Peterson points out that a recent check onpopulation in the U. S.showed a record figure of 165 million. Every month the equivalent of a city almost as large as Omaha is added to our country in population growth. It is estimated that the excess of births and immigration over deaths is running about 2.8 million persons a year. In the ten years since World War II, approximately 37 1/2 million babies have been born to American families. In the ten years just ahead, 42 million more will be born and in the decade ending in 1975, births will total 52 million.This seems to point to a population in the U. S. of 228 million by 1975. Despite the progress of agriculture in the past, the years ahead may present a tremendous challenge. The amount of land under cultivation has not increased in the last 35 years. The standard of living has steadily been raised, and it is contemplated that, despite the increase in population, this condition will continue. The average consumer in the U.S. after paying his food bill still has about 75¢ of each spendable dollar left to buy the things industry produces to round out our high standard of living. It does not take any more of the paycheck to eat than it did 20, 30, or 40 years ago, and we are eating much better.

There was very little in the way of news to guide us when markets opened this morning. While there has been some moderation in temperatures over the extreme northern portions of the corn belt, hot weather generally continues, and there seems to be no relief as yet from the hot, humid weather. We have been asked many questions as to what effect this weather is having on the corn crop, and in checking around in our own Illinois Offices and with some of our friends in Indiana, we do not find that any discouraging reports are being received. In fact, one of our Illinois Offices wires that last year at this time they had much hotter weather through that territory, with hardly any moisture at all. This year temperatures have not been over 100 degrees, and there is ample moisture to carry corn and beans, with prospects still remaining brilliant.

The Nebraska weekly weather and crop report states that warm, dry weather during the past week caused further deterioration to all growing crops, and while scattered precipitationbrought some relief to local dry areas, a heavy general rain is needed in order to restore good growing conditions. The Northwest portion of that state is holding up quite well, but elsewhere moisture is needed. The Minnesota weekly report states that small grains made good progress throughout the state, but hot weather and lack of general rainfall slowed development of late maturity crops in many areas. Soil moisture shortages are appearing in the southwest and east central counties, with rainfall needed over much of the state to maintain good crop developments. Harvesting of spring wheat made rapid progress through the central and southern areas and is getting started in northern sections.

From Canada we hear that the Alberta Wheat Pool's weekly crop report indicates that crops maintained their satisfactory progress last week and hot dry weather resulted in excellent development of Southern Alberta where moisture is adequate. Some deterioration was reported through central and northern sections of that Province. There were scattered showers last night over Alberta and Saskatchewan, and according to one Canadian authority crop conditions are mostly excellent with the exception of some damage from aphids on late-sown barley.

Primary receipts of wheat today totaled 2,907,000 bu versus 3,718,000 bu last week, and 2,966,000 bu on comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a net increase of 410,000 bu.

Flour business remains quiet, and there is no new feature as far as wheat is concerned. Some caution is being expressed in taking the constructive side awaiting pressure which might be felt when the spring wheat crop moves. However, st still feel that as the season progresses Chicago futures should do better. There was some early buying of corn and beans, although most of the trade was confined to locals. Further reports from other points in Illinois point to the excellent condition of the new corn and bean crops. We have been told that a large part of the free corn in Chicago has been sold to go out, probably going to the Southeast as cash corn in Ohio is still cheaper than the Chicago basis.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 July 29, 1955

Since the end of World War II, the combined exports of Russia and the Danubian countries have not amounted to very much. Broomhall points out that up to the end of 1952 the U. K. had an annual contract with the Soviet Union for a supply of about 800,000 tons annually of barley, maize, and oats, but gradually the tendency has been for Russia to ship less and less grain from her Black Sea ports, while at times Poland has been an importer. Recently that country purchased 10 million bu Canadian wheat, which is significant and has directed attention to grain conditions behind the Iron Curtain, and also points out very distinctly the difference between Russia, her satellite countries, and the U. S., as far as agricultural efficienty is concerned. The countries behind the Iron Curtain have to be urged and prodded to speed up their production, whereas in this country, with free enterprise, the great problem is to keep production within reasonable economic bounds.

Canada is expressing some concern as to the future of Canadian wheat exports, and particularly the effect that our disposal program will have on their economy. Since the last World War our neighbors to the North have had the advantage of reduced Argentine competition and of milling admixtures in the U. K. to build up the baking quality of a large amount of native and French soft wheat which they have imported. It follows that with Canada's stabilization policy, the production of hard and semi-hard wheat in other territories may create further competition for them.

The July report of USDA on the feed situation points out what is already known-- that we will have a very large supply of feed grains and other concentrates totaling around 200 million tons, or about 12% greater than ayear ago. Livestock numbers are expected to increase, but the prospective supply per animal unit also would exceed those of any past year. Production of feed grains as indicated in July would be sufficient to take care of somewhat larger domestic consumption than in the 1954-55 season, and have a carryover into the next season substantially above the record level at the beginning of this crop season. Using the July 1st estimate of the government, the 1955-56 corn supply would total about 4 1/2 billion bu, or 16% larger than a year ago, and 11% above the previous record of slightly over 4 billion bu in 1949-50. Despite the fact that the 1955 corn acreage is only slightly larger than last year, a record yield per acre is in prospect, and if it materializes it would mean a further increase in the carryover at the close of the 1955-56 season.

The Santa Fe Railroad Crop Report states that generally the entire two-thirds of the states of Texas, Oklahoma, and Kansas, together with the states of Missouri and Illinois have almost ideal moisture conditions, so that corn, soybeans and cotton in those areas show promise of average or above yields. In Central Kansas and southwestern counties corn is showing some damage, but normal moisture from now until harvest could still bring good yields of corn, soybeans and sorghums. There were a few reports from Iowa of corn showing damage but we still have not heard anything detrimental from Illinois or Indiana.

The weather is still hot and humid, and the late forecast suggests continued hot weather with scattered thundershowers the northwestern part of Iowa and in Illinois, Indiana, Minnesota and Nebraska. Broomhall reports that moderate to good rains over many parts of the main wheat producing areas in Argentine were beneficial for young plants during the past week and the general outlook is satisfactory.

Primary receipts of wheat today totaled 2,724,000 bu vs 3,505,000 bu a week ago, and 2,244,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 111,000 bu. When the visible is posted on Monday it will compare with an increase last year of 11,151,000 bu .

Flour business remains quiet. Local buying in wheat, corn, and oats was the main feature in our pits this morning, although advances did not hold. The government report issued yesterday afternoon showing the stock of soybeans in all positions as about 67 million bu, confirms the belief that the 1954 production was over-estimated. The spot market in Chicago for cash corn is showing some easing tendency and has declined 2 to 3¢ the past few sessions. Some new corn is being booked from the country at 2 to 3¢ under December basis Chicago. New crop bean bookings have been approximately at the November price basis Chicago.

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CHICAGO, 4 August 1, 1955

The radio reports over the weekend commented widely on record-breaking temperatures over many parts of the country. Those listening and who were not in an air-conditioned room were feeling sorry for themselves, as the humidity was high. Very likely a good many people were also wondering what this was doing to the growing corn and bean crops. As a matter of fact, weather hazards have long plagued farmers in the Great Plains area when similar conditions have existed. However, the drought of the past several years, which may now have been broken, was the fourth prolonged dry spell since the area was settled in the 1880's. Droughts of one year duration, of course, have been considerably more common. The prospect for the corn crop on July 1st was so optimistic that some have reasoned that even moderate reductions would not immeasurably change the situation. As a matter of fact, there had been some nice rainfall in Cedar Rapids and Fort Dodge, Iowa, also across northern Illinois and Wisconsin over the weekend, and while a few light showers also occurred over the Northwest. The weather map is still somewhat unsettled; although it remains hot and muggy, there is a chance for occasional thunderstorms tonight or Tuesday over the corn belt, while partly cloudy skies with a few scattered thunderstorms are forecast for the Northwest.

Insofar as wheat is concerned, it is naturally less influenced by weather conditions than some of the other crops. Record supplies of 1,880 million bu are now indicated for the 1955-56 season. In spite of some adverse weather early, and great efforts on part of the government to force larger quantities into exporting channels, we are not making too much headway in cutting down burdensome supplies. The disappearance last season totaled 856 million bu compared with 1,152 million during the ten-year average period. Evan a small carryover of free wheat, which amounted to only 51 million bu on July 1st, had very little effect on the market, as everyone knew that with over a billion bu in the reserve stock, no one would starve, and all we had to have was a price advance to loosen government supplies, bringing them into the free market. The amount of wheat available for export or carryover in the U S., Canada, Argentina, and Australia on July 1st totaled about 1,750 million bu. This is about the same as the year before. Larger supplies in the U. S. offset smaller supplies in Canada. In these calculations the new crop is not included for Canada and the U.S.

There was a little support in beans this morning, possibly not entirely due to the heat spell, as after all crop news was quite favorable. According to the Baldwin report for Illinois, the soybean fields are a lush green carpet. Plants are uniform in height and growers are working hard to keep them clean. Soybeans are the furthest advanced in the Mid-West and the latest in southern areas. The type of weather we are now having promotes rapid growth. The same is more or less true for other parts of the belt, and a reliable source tells us that across the sprawling Mid-West prairies soybean fields are blooming with pods setting on in advanced fields. On the other hand if the price stays moderate or below the level of recent years we may have a fairly large utilization. Some believe that in the coming season processing may account for 265 million bu, exports might reach 65 million bu, seed and farm disappearance might take 35 million bu, or a total of 365 million bu for these three categories. Thus, there is no assurance that burdensome reserves will pileup if these predictions come true.

When the visible supply of wheat was posted there was an increase of 13 1/2 million bu; total stocks in all positions are 409 1/4 million bu compared with 378.4 million bu last season. Corn stocks decreased 4 million bu, leaving 19.1 million bu in various markets, which is still 7 1/2 million bu greater than a year ago. Oats increased a little over 4 million bu, totaling 22 1/2 million bu vs 10.8 million bu last season. Beans increased 755,000 bu, but the total is only a little over 2 million bu, or half as much as last year. Here in Chicago wheat stocks increased 1 3/4 million bu, with 15 1/2 million bu in our market. There was a decrease of 1.1 million bu in local corn stocks, an increase of 1 1/2 million bu in oats, and rye did very little; there is still 4 million bu rye here. Beans increased to 868,000 bu as a result of the strength in the July future.

Markets were mostly on the easy side except corn, which was firm. State reports from Iowa and Nebraska spoke of some deterioration in corn, but apparently beans are holding up well; even in Illinois it is claimed that continued heat might be detrimental to the corn crop, but apparently beans can stand hot weather much better than the yellow cereal. Flour business was slow over the weekend.

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CHICAGO, 4

August 2, 1955

The same type of weather overspreads the country. It remains hot and muggy with little chance for immediate relief from the high temperatures until at least Thursday, although scattered showers are likely for a good many areas, and the map appears to be quite unsettled. Main concern centers over the corn belt districts where it has been fair and very warm, and some local showers are expected Wednesday afternoon and night, falling mostly over the South portions. In the meantime about the only rain reported was in the vicinity of Decatur and Hoopeston, Illinois, and it is quite obvious that there is bound to be deterioration unless there is a change from present conditions.

The Peavey Crop Report this morning also spoke of high temperatures which had continued to force maturity of small grains. This may be a good thing as the wheat crop and harvest came ahead of possible rust damage, but there may likewise have been some shrivelling of the grain. It has been pretty well cut in South Dakota and southern Minnesota and a good start will be made this week on farm lands in North Dakota. The real late durum wheat may suffer from rust but those people claim that much of that crop should produce fair to good test weight and generally speaking will be decidedly better than last season. Rain is urgently needed both for corn and soybean crops in the Northwest and we would say that a good, soaking rain would be more than welcome. To what extent the corn crop has been reduced from the July estimate is difficult to tell. We shall shortly have a private estimate and within a week or so the official August forecast will be made by the government. Most people feel that moderate losses are not too serious, particularly as we had such a glowing start and also will have the largest carryover supply of record.

There continues to be some talk of smaller farm income, and the possibility of hard times ahead. This, however, is not substantiated by reports from mail order houses that business is keeping up, and from farm machinery manufacturers and auto companies, who tell a story of rising sales to agrarians. One of the best clues often to prosperity or to lack of it is the market value of farm land and buildings. As of March 1st this totaled $91.3 billion, or an increase of $2.2 billion over a year earlier. In some parts of the country farm real estate is bringing the highest price on record, which would certainly not be an indication of poor times. It is true that gross farm income, including government payments, was somewhat smaller in 1954, when they amounted to $33.8 billion than for the two preceding years, but still such income was nearly double what it had been in 1942 and was more than five times as great as in the depression year, 1932.

Despite the hot weather country offerings of corn have increased both in Illinois and Indiana. Buyers are becoming a little cautious with the present high premiums over the futures and seem to be taking only about their immediate requirements. The corn-hog ratio this week in Chicago was 11.5 compared with 11.8 last week and 13.3 last year.

Primary receipts of wheat today amounted to nearly 3 million bu, which compared with 4.2 million bu last week, and 2.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 106,000 bu.

Trade was not particularly heavy, but there seemed to be some short covering in both corn and beans, this undoubtedly stemming from the hot weather reports, although the mid-day forecast looked for some widely scattered thundershowers in Nebraska, Iowa, Minnesota, Illinois and Wisconsin. Thus, there could be relief, but in the meantime there has been some commission-house buying, and the corn market ran into stop-loss orders. The flour demand was still very poor. Mills in the Southwest are doing an exceedingly small business, and thus, there is no support coming into wheat from the lifting of hedges. The wheat market was a little higher probably influenced by the strength in other pits. Rye was completely indifferent, and that cereal is suffering from lack of demand. We are told that even the exportation of rye from Canada is at low ebb, and thus, there cannot be much incentive for purchases here unless it would come from artificial factors in the holding tendency on part of farmers and a small movement Northwest should fair quantities be impounded.

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CHICAGO, 4 August 3, 1955

We spoke a little yesterday of probable farm dissatisfaction owing to the fact that support prices for the last two years have been dropped, taking into account the 1956 average wheat farm loan, which has been set at a minimum of $1.81 per bu. This will compare with $2.08 last season and $2.24 the year before, which was the highest ever reached. On the other hand, it should not be forgotten that when supports were first started in 1938, wheat was propped at only 60¢ per bu on the farm, and for the first four years of the program, the increases were gradual although the support based on parity was increased from 52% to 85%, where it had stood for a time before being advanced to the 90% level. It was not until 1948 that the national price support ever reached the $2.00 point, and in fact, when World War II terminated support levels for wheat were around $1.40 per bu on the farm, so that even now the farmer is receiving somewhat better treatment than he did during that period. In the meantime, as the result of keeping our prices artificially high, we have had these enormous accumulations, and certainly it would be a bad error to continue a program that merely piles up surpluses even when acreages are cut. It is costing the government about $200 million each year to store wheat and is taxing the storage facilities to a point where the government itself has had to buy or erect about a billion bu of space to take care of the various crops.

Crop prospects in Canada are said to be generally favorable but even last season when the Canadian yield was less than 300 million bu, they were able to ship 250 million bu wheat and flour abroad, at least such is the estimate for the current marketing year. That total has been exceeded only four times in the past decade. Average shipments for the preceding nine years have amounted to 268 million bu, and thus Canada is doing about as good a job as we are in getting grain into exporting channels, but she, too, is faced with many problems, particularly as home consumption in that country is about 150 million bu, while here in the U. S. with a larger population we utilize about 625 million bu.

Before our market opened this morning, there had been very few reports of rain. To show, for example, how spotted some of the moisture was, in Springfield, Illinois, there had not been a drop of rain although at their airport a few miles away more than 1 inch had fallen. There was fairly good relief over central sections of this state but elsewhere it continued dry and humid with high temperatures still prevailing. With a forecast for fair and warm tonight and Thursday, there seemed to be further buying orders in the market this morning. There may be some showers in northwest Iowa and Nebraska tonight or Thursday, but after a hot period such as we have had general relief is necessary but does not seem to be forthcoming. According to the government weekly, it was unseasonably hot and humid in Iowa with light precipitation. A few areas had thundershowers but most had none. Corn in that state is the earliest on record but there is some firing on light soils. For Illinois, a few spotty showers occurred during the week, but there was no rain of consequence. Corn is 85% tasselled and 25% in the roasting-ear stage. Up to this date no deterioration from heat and dryness. Indiana also experienced a hot and humid week. Showers were widely spread but were mostly light to moderate although some were heavy, moisture is ample. Corn and soybeans made rapid growth, corn is 77% tasselled. Conditions in Ohio were favorable but the bad states were Kansas and Nebraska.

Primary receipts of wheat amounted to 1.8 million bu compared with 2.5 million bu last week and 1.6 million bu last year. Kansas City and Minneapolis wheat stocks show a net decrease of 115,000 bu.

Trade was quite good in beans. The market was higher, as was corn, although best prices did not hold. It is difficult to tell how much deterioration has occurred due to the hot weather and lack of rainfall, but weather markets are always very uncertain. Milling demand was slow and there was no encouragement from that source. However, there was some buying of September and December wheat by some interests thought to be part of a market news service. There was little opposition to the advance.

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CHICAGO, 4

August 4, 1955

Geneva has been a busy place of late. Most of the conferences held there were of a political nature. However, on August 8th, and continuing for nearly two weeks, there will be an international conference on peaceful uses of automic energy. Sixty-six countries are sending delegates to Switzerland at that time. Probably of utmost importance will be an announcement made that U. S. soil scientists, working in the Department of Agriculture, have successfully developed a method of measuring available phosphate in any soil so accurately that it may be expressed in terms of pounds of superphosphate equivalent per acre. Our Agriculture Department expects the method to be used more widely as reasearch stations become equipped to handle radioactive fertilizers. Development of this method, which has been going on for years, marks science's first penetration of soil make-up to learn how much of any specific plant nutrient is actually available to plants. This announcement, preliminarily made at home, indicates that it is now possible to make such studies through development from research with radioactive isotopes. This is something which ten years ago even soil scientists would not have believed could ever be measured scientifically.

The Galvin report issued thirty minutes after the opening came as a great surprise to the trade. A corn yield of 3.4 billion bu showed practically no reduction despite hot and humid weather. Actually the condition was up 2 points for the month, and according to this expert favorable progress was made in all states east of Kansas and Nebraska in the latter part of July. He did state, however, that practically all of the central heavy producing states are now in need of generous rainfall if the crop is to maintain its favorable outlook. Oat production was revised upwards to 1,687 million bu compared with the government figure of 1,513 million bu in July. A total wheat crop of 926 million bu is an increase from the official estimate of 860 million bu, and together with a record carryover gives us a total supply of 1,946 million bu-- certainly a huge supply that is bound to tax storage facilities. No previous figure had been given on soybeans but Galvin's estimate of 395.5 million bu shows not only a bumper but a tremendous crop in prospect, and this all despite high temperatures and dry conditions that prevail in some of the western portions of the bean belt.

It now appears likely that with the enlarged wheat crop on a comparatively small acreage, we shall again add to our carryover reserve one year hence. The government estimates domestic disappearance at 610 million bu. The level of exports will again depend on many factors, but if we are able to ship 270 million bu, which would be about the same as in the year just finished, it would give us a reserve stock on July 1, 1956 of 1,066 million bu. Previously it had been expected that there would be a tendency toward cutting reserves instead of increasing them. These increases have been going on successively since July 1, 1952, when the carryover amounted to 256 million bu. Thus ayear from now we may have four times as much wheat on hand as there was four years earlier.

Primary receipts of wheat amounted to 2,275,000 bu which compared with nearly 3 million bu last week, and 1,633,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 75,000 bu.

A telegraphic report from Canada was on the optimistic side. Prairie farmers anticipate above average grain yields this year, according to the DBS. Prospects have been well maintained and maturity of all grain has been speeded up by warm weather and generally adequate moisture supplies. Rain, however, would be welcome in some areas. Here at home, comments were fairly optimistic on crops, taking the weather into account. There had been very little overnight rain, except a shower at Decatur and a few light showers Northwest. With one or two exceptions the corn and bean reports from downstate told of good to excellent conditions, and in some places moisture was ample, elsewhere good rains were needed. The mid-day weather report did not indicate a general break-up, although thundershowers and cooler is anticipated for Minnesota, Wisconsin, and Iowa. Northern tiers of Illinois, Indiana and Ohio may receive relief from the torrid spell, but apparently it will still be hot and humid in Illinois, except around the lake. Most of the market weakness was due to the private estimate showing bountiful crops in prospect. Net losses were quite heavy for the day. Flour business was still of a very modest nature, and we heard of no large orders being placed.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 5, 1955

The surplus problems in wheat are not confined to our own borders. While we are making great efforts to get more wheat into foreign trade channels, we find that Australia is also attempting to develop export outlets under trade agreements, one just having been concluded with West Germany in May. Australia will export 100,000 long tons wheat and 30,000 tons coarse grains to Germany in 1955-56, in exchange for machinery and chemicals, according to one of our embassy dispatches. Australia is strengthening its international competitive position, not only by means of trade agreements, but also, by continuing efforts to reduce the cost of producing farm products and to improve the quality. Sales abroad are being pushed by qualified trade representatives stationed in the best potential markets, particularly of the U. K. Europe, Southeast Asia, and the North American countries, and by increased advertising in the U. K. Foreign sales are also being increased by trade missions, one having recently returned from New Zealand, and another from Southeast Asia. Sweden had just levied import fees on grains and grain products, charging $2.50 per quintal (220.46 lbs). The duty on rye is $1.93, and there are a good many import fees for other products, also including a 67¢ levy on corn. There have been other difficulties with respect to import levies, such as the dollar shortage in Finland, which has caused restrictions in feed grains to the advantage of some of the other countries. From South America we hear that the last wheat crop in Uruguay was estimated at 29 million bu, a 10% increase over the earlier figure. That record.was exceeded only once. The exportable surplus from Uruguay is now officially estimated at 16 million bu on basis of the larger crop forecast. This contrasted with a conservative earlier estimate of only about 7 million bu for export.

Our markets opened with very little changed. There had been some light rain early in the vicinity of Cedar Rapids, Iowa, and a few widely scattered showers at some points southwest and northwest. A local thunderstorm occurred in Shelbyville, Illinois, with over 2 inches rain, and around Enid, Oklahoma, there had been precipitation ranging up to 1 1/2 inches. The forecast is for unsettled conditions over the corn belt, with widely scattered thunderstorms this week-end, but mostly in the northernportions, and likewise cooler in these northern sections by Saturday. There should also be some widely scattered thunderstorms in the Southwest and the five-day weather outlook seems to be somewhat unsettled generally.

The Quaker Oats Co. stated that corn had been hurt and that every day of intense hear without precipitation would extend the damage. The most severely affected states were Kansas, Nebraska, and South Dakota, although some damage was claimed across southern Minnesota, Iowa, and Missouri, as well as northern Illinois, and in the states of Wisconsin and Michigan. According to this expert soybeans were also being hurt although they admit that the latter crop can stand more heat and drought than corn, but yet there is a limit of endurance. Corn throughout central Illinois, Indiana, and Ohio continues to be mostly in excellent condition. Should moisture come now to the corn belt a tremendous crop could still be produced, but in any event they figure that conditions are not equal to the prospects of two weeks ago.

Some of the soybean buying was probably prompted by a report that Japan had purchased 13,000 tons for November shipment.

Primary receipts of wheat today amounted to 2,312,000 bu which compared with 2,724,000 bu last week, and 2,119,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 41,000 bu. When the wheat visible is posted on Monday it will compare with an increase of 12.3 million bu last season.

During the session there were reports of rain in a number of areas, and generally speaking the moisture was better than in recent days. There was some in eastern Kansas and in northern parts of Illinois. We had reports that it was also raining at Dubuque, Iowa. In any case, wheat turned very weak, and there was possibly some evening up prior to the weekend. This finally influenced corn and beans, and even oats receded, According to The Southwestern Miller sales of hard winter flour averaged only about 10 to 15% of capacity. Other flours show more activity --family brands were better recently and springs are moderate. It is our guess that prices for flour are probably lower than when the large business was put through some weeks ago. This does not tend to build up much confidence.

Secretary Benson announced that he will go to Europe this fall in an effort to sell some of our surplus agricultural products. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO 4

August 8, 1955

Unfortunately the under-developed countries account for about half the earth's land area, and nearly half of its population. The great majority of these people make merely a subsistence living from agriculture but economic development has been hampered either through suppression of individual initiative or by antiquated methods. Since World War II, we have tried to quell unrest and strife through foreign-aid methods, figuring that this would fortify our own future, as well as that of the free world. It is important that such aid be on a sound basis; otherwise, measures taken could do more harm than good. After considerable dealings there has emerged the FOUR POINT PROGRAM, sponsored by the U. S. Government to help undeveloped countries to help themselves in promoting their own resources and raising living standards. It is a bilateral program by agreement between our government and recipient countries. In response to requests we are now working with about 59 countries, having an aggregate population of more than 900 million persons. They live in Latin-American countries, the Near East, the Far East, Africa, and South Asia. It is a sort of joint venture with the participating countries sharing on the average more than one-half the cost of the program. Our annual contribution to this undertaking is in the neighborhood of $115 million. The activities, while covering a broad field, center mostly around the foundamentals of agriculture, health, education, as well as giving aid to small industries and handicrafts.

Before our market opened this morning, it was pretty generally known that rains over the week-end had been better than were forecast. There had been general and rather heavy precipitation over the corn belt, except for western Iowa, and eastern Nebraska, where amounts were rather light. Showers also occurred over the northwest states and there was rain in the Southwest. Temperatures were considerably lower late Saturday night, which broke theheat wave over nearly all sections except the far south. There will probably be some more scattered showers tonight and Tuesday northwest, but fair, with moderate temperatures in the corn belt.

When our market opened there was considerable selling, some of it of a local character but commission houses were predominantly on the liquidating end of the market. There was also news from France that the official estimate on their wheat crop had been placed at 367 million bu, slightly above earlier forecasts, and this compared with last year's record crop of 386 million bu. However, the quality this season is very high and the moisture content is low. France last season occupied fourth place among world wheat exporters.

Harvesting operations gained momentum in Europe, according to Broomhall. Weather was mostly warm and sunny and a majority of the reports painted a rather optimistic picture of yields. There have been no reports recently of any additional export sales by Turkey following some business reported last month. It remains to be seen whether the wheat will prove as large as had been predicted earlier. There have been some unsatisfactory yields in southern areas. Canadian reports are reasonably optimistic. Weather has been ideal for ripening crops. There may have been a little deterioration due to excessive heat in some areas. In Saskatchewan topsoil has again become dry and further rains are needed to insure proper filling of heads. Traces of rust are reported in some areas but recent high temperatures have greatly assisted in retarding its development.

Chicago wheat stocks increased 728,000 bu, and now total over 16 million bu. There was a small decrease in the local corn supply, leaving 4 1/4 million bu here. Oats increased to 7.7 million bu, and beans increased 248,000 bu to a total of 1.1 million bu. There was practically no change in rye. The U. S. wheat visible increased 2.4 million bu; corn decreased nearly a million; oats increased 6 million while beans were almost a stand-off.

There was heavy selling in all pits, presumably realizing or liquidation on part of those who were impressed by the improvement in the weather over the week-end, and also by the recent announcement that Secretary Benson would make his trip to Europe in an effort to cut down our vast agricultural surpluses through more aggressive selling. There was no real effective investment buying, so that net losses were quite sharp. There were 812 cars of wheat at Minneapolis this morning, which included 300 new cars from South Dakota. Thus pressure is increasing a little in that direction. Corn was particularly weak and new lows were made.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 9, 1955

There is a further tightening of money rates, particularly against investment purchas ers,, and apparently it is hoped to curb some of the inflationary tendencies. Industrial production in June rose to a new high record. After correction for seasonal change, the Federal Reserve index for that month is estimated at 139% of the 1947-49 average. Employment in June climbed to 64 million, a new high record. The number of workers employed was 4 million above the winter low point, according to the Departments of Commerce and Labor. More cars were run off the assembly line during the first six months of this year than in any other seasonal period. Construction activity in June exceeded that of any previous month; in fact, all major groups, except farm construction and various classes of public construction, are expected to show moderate to substantial increases over 1954, including an indicated gain of 30% for commercial building.

It is apparently against some of these influences that the government is hoping to slow down advances in stock market levels, but by the same token they are having their difficulties in attempting to cope with the vast accumulation in farm surpluses, with cotton and wheat probably furnishing the greatest headaches of any of the commodities under the price support program. Yesterday's publication of the government cotton report, even under restricted acreage, indicated a yield of 12.7 million bales, which was about 1 million more than had been anticipated in trade circles. Federal farm officials quickly seized on this prospect as a fresh argument for trying to liquidate some of the glut by way of selling surplus holdings abroad at prices below the American market. It immediately brought up an argument by the Cabinet Members, with Mr. Dulles claiming that undercutting our competitors would damage relationships with other countries. The Treasury Secretary also opposed the plan of selling at a loss. What the final decision will be remains to be seen, but the fact remains that despite our efforts to sell our wares on basis of soft currencies or at concessions, the present farm program has not been working out satisfactorily, and something will finally have to be done to prevent further amassing of supplies.

Before our market opened this morning there had been some nice rains reported in western Kansas, Garden City having received over 1 1/2 inches, Norton 1 1/4 inches, while Enid, Oklahoma, reported 1.27 inches moisture. Over the Northwest and corn belt area generally fair weather prevailed. There is a chance, however, of some scattered showers for the corn belt states, according to the five-day forecast with temperatures a little above normal. There will probably also be some thunderstorms tonight and Wednesday in the Southwest, without much change in temperature. This tended to restrain much bullish enthusiasm, although there was some hesitancy as a government report will be issued after the close of the market tomorrow and some traders may be awaiting the results to see if the official figures are as optimistic as those of the private expert.

A little export business was reported, with 4 cargoes western white wheat and 2 cargoes hard wheat sold to Japan, but the sales abroad are not having the usual effect, as it is assumed that most of these supplies will be furnished from government stocks, and consequently, we shall only have to supply the domestic needs from the current year's production, forgetting the amounts utilized for seed and most of the quantities fed to livestock. This would mean about 500 million bu that must come out of the free supply and up to the present time marketings in the Southwest have been liberal enough to provide users with their normal requirements.

Primary receipts of wheat amounted to 2 1/4 million bu compared with nearly 3 million bu last week, and 2.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 57,000 bu.

Early weakness in all grains was followed by an upturn in wheat and higher prices for rye, with some short-covering in evidence, although best prices did not hold. Pressure had subsided to some extent, and there was not the heavy selling we encountered yesterday, but corn remained relatively weak in spite of some reports of deterioration in sections of the Great Plains area, particularly on sandy soils. Nebraska reported that many fields were burned beyond recovery, while in Iowa some firing on light soils was noted, although week-end showers may have brought a little relief. In Illinois crop is mostly in excellent condition. September beans ruled quite strong for a time as processors stocks are light, but market was quite indifferent. There was some selling on the advance. Trade was much smaller than yesterday.

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CHICAGO, 4 August 10, 1955.

After the close of the market today, we shall have the August crop report, but even before the figures are divulged one thing appears certain: namely, with the sharp restrictions on plantings, the government is not accomplishing its goal of getting production more in line with consumption. As a matter of fact our reserves are being increased and this promises to be the second highest production year ever reached, surpassed only in 1948. What has actually happened was that the acreage diverted from the controlled crops, as well as some land on which winter wheat had failed, was largely planted to feed grains, forage crops, and soybeans. There may be a reduction in the corn estimate from the figure of 3,450 million bu given on July 1st, but the losses are not considered serious. Moreover, the oat crop should be a record one, and chances are that the yield of soybeans will be 400 million bu, or possibly more, and there may also be a record output of grain sorghums. In addition to this, the July 1st stocks of feed grains were about 20% above a year ago, so that the headache which was produced by the enormous accumulations in wheat will gradually be added or transferred to feed grains; thus the whole program could easily fall of its own weight. The hay tonnage is at a record level, while pastures have improved since recent rains fell, and altogether we are finding that with 353 million acres planted to the 59 principal crops, we are amassing surpluses of various kinds, tightening further the available grain storage facilities.

One would naturally expect that with wheat so far below the loan level, marketings this season would not be very great. We do feel that since the decline in price has occurred the tendency on part of spring wheat farmers will be to hold on to crops, and possibly place large amounts under loan. We heard just this morning from our Minneapolis Office that this was the case, and that the shortage of box cars was also a factor in preventing heavy movement to market. On the other hand the first figures showing the amount of wheat placed under the loan during the 1955 crop-year was very disappointing. The Agriculture Department reported only 5.7 million bu impounded as of July 15th, which compared with 39.5 million bu a year ago the same date. Of course, this season's crop is about 11% smaller, but even so it confirms what we had known earlier: namely, that the first run of wheat was sold and possibly the high moisture content had something to do with this.

The amounts of barley placed under loan were also very much smaller, only 1.5 million bu vs 9.4 million last season and about two-thirds as many oats were placed under the loan. Thus the early demands for government loan are indeed small. One should not draw definite conclusions as there could be a change in farmers' attitude later on, but naturally holders of grain are a little more on the defensive owing to the fact that the artificial influences are about all that could really outweigh bearish statistics on the constructive side of the market.

There had been some wonderful rains overnight in southwestern areas. Kansas received the heaviest downpour, with more than 4 inches at Salina, also Oklahoma City had a fine rain, and there was good moisture in parts of Nebraska and a few points in Missouri. Chances are scattered thundershowers will occur this afternoon and tonight over the corn belt, although not much is looked for in Iowa except southeastern sections. Crop reports from Canada indicated favorable progress for all grains except the late-sown barley. Harvesting is general over Southern Manitoba and it will be general in Southern Saskatchewan next week.

Primary receipts of wheat amounted to nearly 2 million bu, which was a little larger than last year and compared with nearly 3 million bu last week. Kansas City and Minneapolis stocks so far this week show a net increase of 53,000 bu.

The wheat market was rather firm early, no particular reason for this except that there had been sharp breaks and a little more investment buying appeared on the horizon. Also we are told from Minneapolis that while there is some hedging pressure, the market seems to be taking the selling well, and trade seems to have a little more confidence in present price levels. Some flour business undoubtedly was worked during the last two days. Generally speaking there was a waiting attitude, with the government report to come out shortly. The state reports for Illinois and Iowa are not all that could be expected, although Iowa needs rain much more than Illinois, but of the latter state it is claimed that statewide this is the first time since early May that soil moisture has not been as favorable as a year ago. Corn and beans were somewhat weaker, although there was no pronounced selling. Rye, in our opinion, could do a little better as receipts are light, and at present level of prices we doubt whether the country will sell heavily.

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CHICAGO, 4 August 11, 1955

The government crop production report issued late yesterday left little doubt in the minds of traders that the surplus problems would pile still higher in the year ahead. It now looks as though the 1955 output would be about 6% larger than last year and about equal to the 1948 record. This all in spite of some adverse weather and the cutbacks through acreage control, particularly in wheat, cotton, rice, and tobacco. However, farmers were aided by one of the most favorable growing seasons in years, and feed grains particularly benefited from the fact that modern techniques and fertilizers were used extensively. The corn crop was reduced by hot, dry weather in the western part of the belt, but this was more than offset by improvements in eastern sections and many southern states outside of the belt have done well, as for example, Missouri, which promises to raise more than twice as much corn this season as last. On the other hand, Nebraska was hurt and her corn crop will be smaller than a year ago, although increases have been marked up for Illinois, Indiana, Minnesota, Iowa, Michigan, and Wisconsin. The corn yield of 3,477 million bu came as a surprise, as many had been prepared for a reduction since July where actually there was an increase. The outturn, if realized, will be some 400 million bu larger than average, and should accordingly add to our carryover reserve a year from now. While the wheat crop is smaller than last season it is still 50 million bu more than had been estimated a month earlier and must be regarded as a big crop in view of the fact that federal controls took out a production of 12% of the land used in 1954.

The biggest surprise was probably furnished with respect to the soybean crop, with a likely yield of 420 million bu, which is one-fifth greater than last year's record of 343 million bu. Illinois alone has a prospect of raising 115.5 million bu, and in a general way this may be a banner year for agriculture, as farmers are getting the most production out of an acre of land in history. Mention should also be made of the bumper crops of oats and sorghums, while the barley crop of 391 million bu is about 125 million bu larger than the ten-year average. With price supports on oats, barley, rye, and grain sorghums cut from 85 to 70% of parity, the loan program for these items has become less attractive, and the same is true to a lesser extent of wheat and corn, although any appreciable dip in prices below current levels might encourage a pick-up in loan entries later on. The rye estimate was increased to 28.4 million bu, which compares with the ten-year average crop of 21 million bu.

There were some widely scattered thunderstorms the past twenty-four hours at a few points in Indiana and Ohio, and some moderate rainfall occurred in South Dakota and over the Southwest but fair elsewhere. The forecast is for some showers in western portions of the Southwest tonight or Friday, but generally fair over the corn belt except possibly showers in western Nebraska and western Iowa.

According to Broomhall, U. S. wheat and flour shipments during the past week were 3.8 million bu, bringing the season's total to 29 3/4 million bu compared with 22 3/4 million a year ago. Total corn shipments since last October were 73 1/4 million bu vs. 80 million bu a year ago.

Primary receipts of wheat were about in line with the usual run at this time of the year, amounting to 2.1 million bu. This was a little smaller than last week, and a little more than last year. Kansas City and Minneapolis stocks are practically a standoff for the first four days of the week.

Most of the activity occurred early. The fact that wheat did not break prompted somelocal short covering, and the market later turned strong., There was said to be some mill buying in Minneapolis, which also helped. In any case, there was no pressure from the country, and we understand that there is a holding tendency Northwest. Even corn and beans showed a better undertone than might have been expected. There was a fair amount of short covering, and many traders felt that the declines had been heavy, and there was some support on the break, but trade generally was rather slow after the first half hour. Cash cornmarket here was slow in opening. We heard of some sales at 5¢ over September, but no aggressive buying, and on the other hand, nothing much being sold from the country. We do believe, however, that farm selling of both corn and beans will increase before the next harvest.

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CHICAGO, 4

August 12, 1955

A few days ago it was announced that Secretary Benson would make a trip to Europe this fall for a series of meetings and conferences with U. S. officials and foreign governments on the marketing of U. S. goods abroad. Last spring the Secretary visited Central and South America to discuss similar problems with agricultural leaders there. He intends at the end of the month to leave by air and will visit England, The Netherlands, Denmark, France, Italy, and Switzerland. He will make a major foreign trade address before the International Federation of Agricultural Producers in Rome September 9. The Secretary stated: "Our accumulated stocks of some farm commodities place upon us grave responsibilities as well as serious marketing problems. We must discuss with other countries our mutual interest in world trade if America is to hold and expand its markets abroad, and at the same time keep the confidence and friendship of our neighbors and allies around the world". To what extent a trip of this kind will cut our surpluses is difficult to say.

The government report issued the day before yesterday indicates that our corn production, if maintained at present levels, will be 17% greater than last year. The oat crop, which is a new record for all time, is 8% larger than the 1954 crop and 7% higher than the previous record that had been established in 1945. Sorghum grain at 266 million bu is the largest of record and 30% more than last year. Soybeans, which promise a yield of 420 million bu, constitute not only the largest crop ever raised but actually 23% over last year's record. The hay crop, with a promise of 109 million tons is nearly 5 million more than a year ago or 5% greater. It appears to be also a new record. The bulk of this year's tonnage had already been harvested by August 1st. Thus in feed grains we have new problems confronting us and many of the above commodities are not heavily exported, although some corn and a few oats being shipped in competition with other countries, in addition to beans for which there is a fairly good demand.

The reason for the slight firmness this morning was due to the belief in some quarters that the corn crop may have been damaged since August 1st figures were compiled. There is definite need for rain in parts of Iowa but on the other hand even some reductions would probably not be too serious in view of the statistics we have just reviewed. There was hardly any rain overnight except 1 1/4 inches in Fort Worth, Texas, and some showers in Colorado. Elsewhere it was fair, and according to the forecast, both daily and the five-day outlook, it looks as though there would be no moisture in the corn belt sections, but pleasant temperatures are expected although slowly rising. By Sunday or Monday there may be a little moisture in the Southwest but recent rains in those areas have been very beneficial in restoring moisture reserves to the soil.

The Agriculture Department has again changed its soybean pricing policy for the second time within a week to allow domestic sales after August 15th. Last Friday they had announced that government-owned soybeans taken on default would be offered only for export and on a competitive bid basis after August 15th. Now the Department announced that it will offer beans domestically at a higher price. Domestic sales will be at the market level but not less than the loan rate for grade No. 2 soybeans at the point of production plus 4¢ per bu.

Primary receipts of wheat were close to 2 million bu, which compared with 2.3 million bu last week, and 1.8 million bu last year. Stocks at Kansas City and Minneapolis so far this week show a net decrease of 31,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase of 5.8 million bu last season.

We had rather firm markets early, but corn reacted sharply when it became known that the government had sold about 1 million bu of its holdings in the Northwest to exporters. The break in that cereal caused sympathetic liquidation elsewhere, with some evening-up prior to the week-end, and September corn ran into stop loss selling so that at the finish markets were somewhat unsettled. We do not know how much of the corn bought from the government was hedged, but apparently this had a good deal to do with today's weakness. Flour business in hard winters was very light overnight, but we understand that the spring wheat mills are booking moderately, and there is some talk that there will be a fair amount of business put through next week. Beans reacted from the high point of the day, but were by no means weak.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 15, 1955

The total supply picture at the beginning of the season is now pretty clear with respect to wheat. Including the record carryover of 1,020 million bu, and taking the August crop estimate, we started with total stocks of 1,931 million bu. This compared with 1,502 million bu average in the five-year period 1949-53, or in other words there is 429 million more on hand now than during that era. It is also calculated that we shall probably use 135 million bu for seed, feed, and breakfast food during the season, whereas formerly quantities were larger, and about 168 million bu was utilized for the same purposes, but, of course, it must be taken into account that when acreages were larger we seeded more wheat, and likewise during that period more was fed than at present when there are the large supplies of corn, sorghum, and other feedstuffs.

It all adds up to one thing: namely, that even with fairly large exports we are going to have a record reserve on July 1, 1956. In the crop-year that just ended we shipped 272.5 million bu, and everything was done to stimulate trade with the result that our exports were heavier than the year before when 216 million bu was exported. We must assume that with Mr. Benson making his European trip shortly and doing everything within his power to encourage trade, we should do just as well now as we did a year ago, but even this is not enough, and the days of the big export sales are over, such as took place in the postwar period before Europe had been rehabilitated. Wheat, however, is about the only crop we are able to sell in any real quantity. From last October through July, corn shipments totaled less than 71 million bu, which was a drop from 85 million the season earlier. It is to be hoped that with the banner soybean crop we will be able to get large quantities into foreign channels; otherwise we would really be in a dilemma, and accordingly our price level would suffer materially.

Much has already been said about the large crops that are being harvested this season even with acreage restrictions. As a matter of fact, the indicated yield of corn per acre is 43.1 compared with 36.4 bu the ten-year average. While in beans if the present prospect is maintained we shall get about 3 bu more per acre than average, and in wheat over 2 additional bu per acre. The oat crop turned out wonderfully well and yields are about 5 bu per acre more than normal, with some increases also in barley.

Our government is trying to stimulate production of better quality wheat and in order to bring about this improvement they announced a discount of 20¢ per bu in 1956 for price supports on twenty-three wheat varieties that have been designated as undesirable because of inferior milling or baking qualities. Reference has been made on several occasions that farmers were raising wheat more for the loan than for the market, but actually the twenty-three varieties listed as undesirable account for only about 31 million bu, which in 1954 was 3.7% of the crop. Therefore, from a market point of view it is not a very important item.

Corn which had been under pressure all last week when new crop lows were established today heeded a few warnings that there might be deterioration since the August figures were compiled. Dry weather prevailed over the week-end and the forecast is for little, if any rain. Our office in Bloomington told of corn going backward in that area; ears were not filling out at the ends, and test weight might as a result be a little light. Corn has actually fired badly on some of the thin land and also on good land, but to a lesser extent. Beans likewise will need some rain to fill out the top pods.

Chicago wheat stocks showed very little change. There is still about 16 million bu here. Corn decreased 258,000 bu, oats showed a good increase of 1.7 million bu, rye was almost a standoff, and bean stocks increased 285,000 bu, to a total of 1.4 million bu. The U S wheat visible increased 1 1/4 million bu, corn decreased 677,000 bu, oats increased nearly 5 million bu, and beans increased 187,000 bu.

Corn did better than any of the other cereals, although oats rallied well. We were told that there were several lots of corn in this market belonging to CCC held on storage which was going out of condition, and as a result had been put back on the market. This influenced the September future more than the deferred months. Wheat was quite weak, and there was hedging pressure from Minneapolis. They had 1,022 cars in their receipts, premiums were from 5 to 10¢ lower. Minneapolis weakened which caused some pessimism here. Flour sales over the weekend were

small. Beans tried to recover a little with corn, but there was no spirited buying.

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CHICAGO, 4 August 16, 1955

Whatever else may be said about the Russians it must be admitted that the farm delegation that was sent over to this country, and which is studying our agricultural system, is a studious and inquiring group, deeply concerned with improving Russia's vast potential. These visitors have had a wide awakening in visiting the many rural and farming districts of the U. S. They have seen how with proper machinery and technological development we have surged ahead, while their own standards provide only a low level of nutrition for a nation of more than 200 million persons. The Russian farm worker produces food and fiber only for himself and three or four other people. Here in this country they have found that our farm worker on the average produces enough for himself and eighteen other persons. There are reportedly some 50 million farm workers on the 94,000 collective farms in Russia, and their farming methods, certainly according to our standards, are very crude. Still they appreciate that American agriculture has done a great deal in a short period of time. We are producing 44% more today than we did before World War II. In 1940, a farm worker in this country produced only enough food and fiber on the average to supply himself and ten other persons.

There are a number of important factors responsible for our own progress. We have made better use of pasture and range lands. The virtual elimination of horses and mules has released about 75 million acres for food production. Most important of all technological progress during the past fifteen years has increased output per acre, per animal, and per manhour. We have developed many new packaging, transportation, and other marketing services. It is a real tribute to the efficiency of American farmers and to the help afforded them from both public and private efforts that such tremendous strides have been accomplished. In spite of our own great growth in population we have one-third fewer people living on farms now than in 1900. They represent only 13.5% of our population, yet they are providing a greater abundance than ever before for all of us, plus some $3 billion worth of farm commodities for export each year. Even after these vast needs have been satisfied, there is still much to spare for the increasing quantities that have come into the loan. Indeed, the Russian farmers have a great story to take back to their country, and they must be fully aware of the fact that the millions of workers, who in the U. S. might still be engaged in farming in a less efficient agricultural economy have been released to other productive enterprise. This is partly the reason for the millions of automobiles, radios, television sets, and a variety of other goods, which contribute to our better living standards.

Primary receipts of wheat were heavy and amounted to 4.2 million bu. This compared with 2.2 million bu last week, and nearly 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 10,000 bu.

Interest rates on security purchases were increased again by 1/4 of 1%. The rate on prime business loans is the highest in 22 years, but this had only a slight influence on securities. As for wheat, it was a little lower early and both wheat and oats may have been influenced by the strike at Buffalo. Later on when Minneapolis futures advanced nearly 5¢ per bu we had a rally here. There was also some flour buying reported but quantities were not stated.

Down-state reports indicated that both beans and corn may have been damage due to dry weather in many localities, but yet corn did not do well, and we presume that the fact that on July 1st stocks not under price support totaled 635 million bu, or 100 million bu more than a year earlier, is beginning to have its influence on the September futures. With corn selling 55 to 60¢ under the probable loan there seems to be a little more country selling of old corn and barge bookings for Chicago have increased the past few days with the basis a couple of cents under Chicago September delivered here. Corn premiums for spot were also weaker, and this prevented much speculative enthusiasm. Of course, with new corn prices so far below the loan level there may be a big farm holding tendency, but on the other hand if prices advance there may again be an abundance of corn in the free market because about half the producers in the commercial area have not complied with acreage allotments, and hence their corn will not be eligible for price support.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 August 17, 1955

Following every major war except World War II, the price level of agricultural products was cut at least in half. Severe depression was experienced and distress in agriculture was especially great. This was true after the Revolution, after the War of 1812, after the War between the States, and after World War I. We are now in a period when agricultural prices are declining and farm income is down nearly 30% since 1947. The farmers' share of the consumer food-dollar, which was 52¢ in 1946, now stands at 42¢. Thus there is a good deal of talk, and possibly even some concern, that we are in for a bad period. Actually, however, World War II is about ten years behind us, and also we have weathered the results of the Korean War, which is two years past. Yet our economy is on a fairly even keel and as a matter of fact the transition from war to peace has come about without major deflation. We realize, as far as the farmer is concerned, that nobody likes to give up something attractive even though it may be difficult to find a sound economic case for expecting its retention. Nevertheless, when comparisons are made with 1947, which incidentally was the best agricultural year in our history, there is some error in dealing with such a single year. As Shakespeare once said, "Comparisons are odorous."

The realized net income from agriculture in 1947 was $16.77 billion. It had never been that high before and it may be years before it gets that high again. A drop to about $12 billion is not too serious in itself, particularly when we consider that during the postwar era there was a tremendous demand for grains and for cotton at a time when Europe had to be rehabilitated. Furthermore, in considering the status of the farmer we should take into account that our farm population since 1947 has fallen off about 20%, so that even admitting that net farm income has declined by 30%, the actual results are not quite so bad if figured on a per-person basis. In other words, the proper comparison is on a per-capita basis rather than in terms of totals. The Assistant to the Secretary of Agriculture, Mr. Don Faarlberg spoke on this subject a few days ago, and pointed out that the war and postwar years were not normal ones. Actually they were the best years we ever had and that few things look good when compared with the best. Undoubtedly this is a correct summarization of what has recently been experienced. He also pointed out that during the two crop years 1953 and 1954 the administration has made more loans to farmers on their crops than in any period of similar length in history. Actually $5.66 billion was spent for such purposes. During 1954 the net realized cost to government of operating programs primarily for the support of farm prices and farm income totaled $962 million, which was greater than for any previous year.

Primary receipts of wheat amounted to 1,838,000 bu, which compared with 1,955,000 bu last week and 1,668,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 200,000 bu.

All markets were rather weak early and there was quite a little selling of September corn in the pit by cash houses, which apparently represented hedging transactions, and this had a depressing effect on the market. It is very seldom that September and December corn sell at the same price, but this occurred today. Later in the session there was some buying of deferred corn futures because of the fact that weather and crop news was regarded as somewhat unfavorable. Generally fair weather prevailed over the entire grain belt area except for a few showers in the Canadian Provinces. The forecast did not suggest much rain except that possibly local showers may occur through the Ohio River Valley on Thursday. The Nebraska weekly report spoke of more deterioration but that State has been bad. However, in Iowa cooler weather and local rains helped to arrest damage. General, soaking rains are still needed in most sections, although crop and pasture deterioration has been reduced. In Illinois, one of our offices tells us that chances for a bumper crop seem no longer likely but that a normal yield or probably a little less than normal is still a possibility.

There was some spring wheat flour business overnight with hedges covered. However, new crop lows were made.

We understand that CCC had sold 680,000 bu soybeans to exporters; prices ranged widely from 220 3/4 to 234, basis Chicago. Oats and rye closed weak.

The 30-day weather forecast was not good for moisture.

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DAILY MARKET LETTER

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CHICAGO, 4

August 18, 1955

A great deal has already been said about farmers' income and costs, which of recent months have brought about a price squeeze owing to the fact that during the last 4 1/2 years prices received by farmers have been declining, while costs have been steady and at a high level. Naturally this has caused both hardship and misunderstanding, and chances are that much more will be heard on this subject next year, which is a political one, and a good deal of emphasis will be placed on the less favorable position of the agricultural communities. As one of the agricultural economists at the University of Illinois points out, farmers may soon have to choose between lower prices and more rigid production controls. In any event neither road leads to greater income. One thing is certain -- that as long as prices for wheat are maintained at artificial levels, the surplus must be sold for export or feed at lower than the existing price that is being paid by the domestic consumer. The Professor adds that even though farm incomes may decline further, few operators on good farms will want to change places with average city dwellers.

There are two ways to measure economic status: One method is to measure the number of dollars that are taken in; the other is to measure the number of dollars that are retained above living costs in order to accumulate savings. The farmer has a distinct advantage over the urban dweller, in that to a great extent his living costs for food are taken out before the payment of income tax. The worker on the other hand, who may derive a larger income than in the past, finds that in addition to higher rents the cost of filling the food basket has increased, and that, therefore, there is not much left over to put into the bank. There has been a recent study made by Raymond Goldsmith that will soon be published by the National Bureau of Economic Research. It will state that if we take the value of all the property owned by farmers, including land, buildings, machinery, feed, livestock, household goods, and everything else, and then subtract the debts owed by farmers on this property, the average equity amounts to about $22,000 per farm family. The comparable figure for non-farm family is about $17,000, or $5,000 less. In measuring economic status the ownership of property is naturally a consideration along with income. One encouraging factor in spite of the price decline is that farm debts in general are at a moderate level. Currently they equal only about 11% of total assets; in 1940 they were 19% of assets and in 1930, 21%.

Overnight weather was hot and dry as had been predicted, and the forecast shows no relief for the corn belt. The Illinois weekly crop bulletin stated that corn and soybeans continue to make favorable progress in most areas but in the central and east central part of the State, where soil moisture was shortest, some growers have reported poor filling in both of these crops. We spoke yesterday afternoon with a friend who farms extensively in Iowa and is well posted on conditions in that State. He reckons that the Iowa corn crop is a good solid one although there is some discouragement in the west portions. The crop is more mature than normal. In his opinion even without further rain the State might average 50 bu per acre, which, according to our computation, would mean a drop of about 65 million bu in the corn yield for that State since August. Even assuming that the total crop might fall to 3.3 billion bu or a little less, it would naturally be a disappointment, but yet far from a calamity.

Primary receipts of wheat amounted to 1.8 million bu, which was a little less than last week when receipts were 2.1 million bu, and that was about the same as a year ago. Kansas City and Minneapolis stocks so far this week show a net decrease of 305,000 bu.

Markets were less active than yesterday, but there seemed to be a fairly good undertone in wheat, probably for the reason that some more flour business was reported in the Northwest, but at the same time new crop lows were made early as a good many people had in mind that with the recent milling business we are likely to have a period of quiet for some time to come. All classes of flour buyers are now heavily booked. New-crop corn futures were somewhat the strongest, but the September still felt the weight of supplies which are being carried over, although country selling was very light. September beans were again relatively weak, but there was some improvement in the demand for new-crop futures. Country selling of beans has slowed down materially during the past week.

Broomhall's crop news from abroad was mainly favorable, and yields are running close to earlier expectations.

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CHICAGO, 4 August 19, 1955.

Weather continues hot and dry over the main corn areas, and according to the five-day forecast there is no relief from this condition in sight. It is very difficult to get any accurate appraisal of how much actual damage has been done particularly to the corn prospects. We note that conditions are far the worst in states west of the Mississippi, notably Nebraska, western Iowa, northern Missouri, and central South Dakota, while in Illinois, Indiana, and Ohio prospects still remain good over most of those states but rains are needed for proper filling and best yields. The Quaker Oats Co. points out that the August 1st government estimates released last week relative to corn and soybeans are certainly out of line with prospects as they exist today, although the crop is making excellent progress throughout the southern states, including Tennessee, Kentucky, and southern Missouri. Beans have been hurt but to a much lesser degree than that of corn. No doubt the next government report will show a fair reduction from the corn prospects on August 1st of almost 3 1/2 billion bu. However, supplies are still rather cumbersome with an estimated carryover on the 1st of October of slightly over a billion bu. Last year with a crop of 2,964 million bu, we still added to our carryover. Even if the new crop turns out 150 to 200 million bu less than the August 1st figures, if consumption does not increase, we again will be able to add to the carryover at the end of the next crop-season.

Broomhall points out that it is impossible these days to review price fluctuations of the world wheat market as an entity. Each exporting country has its own marketing monopoly, which must conform with official trade policy, as well as adjust itself to competitive conditions in the world. This monopoly selling has been a major feature of the post-war trade, and its influence on world price trends cannot be overestimated. At times political influences overshadow and dominate commercial interests, so that on occasions we experience diversion of price trends as between one exporting market and another, such as never occurred before the war. A further outstanding factor affecting commercial price movements of wheat has been the relative importance which growers in most surplus countries have given to the high yielding in different quality wheats at the expense of quality strains. It seems that unfortunately acreable yields inherent in wheat types lie in reverse proportion to the bread-making quality of these types, and in the past governments have failed to discover a formula under price guarantees to growers which could adequately compensate any major concentration on quality production. However, in this country we have made the first step in such a direction with the announcement by the Agriculture Department that U.S. loans will be lowered as much as 20¢ per bu discount on some varieties. This, of course, has led to some dissension, but as one well known miller in the Southwest points out, they have had to go to northern Kansas and Nebraska and pay premiums from 30 to 50¢ per bu for desirable varieties, yet to date under the loan program the worst varities of wheat have enjoyed the same loan value as the desirable varieties.

Primary receipts of wheat today were 1,832,000 bu vs 1,931,000 bu a week ago, and 1,925,000 bu the comparable day of last year. So far this week stocks at Kansas City and Minneapolis show a net decrease of 288,000 bu. When the visible is posted on Monday it will be compared with an increase last year of 5,066,000 bu.

We are witnessing atypical weather market with the main strength in corn and beans. There has been no announcement of a change in policy by CCC, which would make beans available for domestic consumption at the same price as they are being offered for export, and the failure to receive such an announcement undoubtedly led to the buying of beans earlier in the session. Wheat was stronger but mostly in sympathy with coarse grains.

Flour buying, according to The Southwestern Miller, has generally fallen off to small proportions as the majority of bakers and jobbers are heavily booked for the present. Therefore, it does not look as though wheat temporarily, will derive much strength from flour demand. In fact, now that the flour business is out of the way it means the lessening of buying power in wheat futures, possibly even a predominance of selling for the account of mills, as cash wheat stocks are accumulated to replace future hedges.

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CHICAGO, 4 August 22, 1955.

High temperatures persisted over the weekend throughout the corn belt, but there had been some light scattered rainfall over parts of Iowa, Nebraska, Illinois, and Indiana. There was about 1 1/2 inches rain in northern Illinois and about 3/4 inch in several points in Iowa, with lesser amounts in Ohio. The prediction seems to be for local showers and thunderstorms east of the Mississippi this afternoon and tonight with some moderation in temperatures. Rains which have fallen will undoubtedly benefit beans more than corn, and as far as an appraisal of the corn damage to date estimates will vary until the crop has finally been harvested. There is no doubt that from the brilliant prospects of August 1st, corn has deteriorated and an almost bumper crop is no longer in sight. However, based on the disappearance last year, we still should be able to add to the carryover at the end of the crop year, October 1, 1956. In addition to corn other feed crops are of very large proportions in this country and unless some difficulty is encountered it looks like we should have a big sorghum grain crop, which adds to the supply of feed grains. It is estimated that about 50% of corn producers complied with acreage allotments and thus even with a reduced crop rather substantial marketings of corn not qualified for government support are probable. As far as soybeans are concerned, they have undoubtedly gone backward from the 420 million bu outturn predicted in the August 1st report. Guesses at the present time run from about 387 million to 400 million bu.

The Department of Agriculture has now reversed itself from an earlier prediction, and states that we will add to the carryover of surplus wheat at the end of the crop-year. The original predictions were based on a crop of 860 million bu, but the August 1st report indicated 911 million bu. Domestic consumption is set at 608 million bu, and it is a question whether we can exceed about 275 million bu for export unless trade should be opened with countries behind the IRON CURTAIN. According to a USDA report over 96% of the world wheat is produced and marketed under price supports and other government incentives. Worldwide supports tend to interrupt normal trade and increase uneconomic production in many of the poorer nations.

The WinnipegFree Press last week estimated the Canadian wheat crop at 474 million bu in the three Prairie Provinces, which would be compared to 272 million bu the past season, and there has been also a huge increase in production of other grains. The outturn of oats is placed at 319 million bu vs 196 million bu a year ago, barley at 268 million bu vs. 167 million bu last year. The situation in oats and barley is creating difficulties for the Canadian Wheat Board and with the present premium of Canadian oats over American oats, the market for that grain is going to be almost an entirely domestic one.

According to Broomhall, new crop plantings in Australia have recently received good precipitation in western Australia where it had been too dry, elsewhere there has been excessive precipitation. Early indications point to a new wheat crop of about 180 million bu against 167 million bu last year. The same source reports good crop yields in the winter wheat belt of the Ukraine and northern Caucasus, which suffered from a serious drought last year. However, parts of the spring wheat belt beyond the Volga and the Urals, where weather conditions last year were favorable suffered from a drought this season.

According to The Southwestern Miller flour sales were of small proportions over the weekend in both springs and hard winters. The trade is rather heavily booked on all types of flour but improvement is more likely on hard winters based on the fact that balances have fallen off moderately from the heavy buying point of July 11th, and prices are now more attractive.

All grains were subjected to liquidation at the opening, responding to the change in weather. Corn found good support on the break. Spot corn prices were firmer in this market today, with #2 yellow corn selling from 1 under to 1/2 over. From reports, some new soybeans were cut at Valmeyer, Ill., which is about 40 miles south of St. Louis.

Primary receipts of wheat today totaled 3,935,000 bu vs 4,042,000 bu last week, and 4,235,000 bu last year. Wheat stocks in Chicago show a net increase of 712,000 bu for the week and now total approximately 17 million bu. The change in corn was rather nominal, while oat stocks in this market increased 621,000 bu. When the visible supply figures were posted wheat showed an increase of 2,416,000 bu, bringing the total to 415,419,000 bu, or about 14 million bu larger than a year ago.

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CHICAGO, 4 August 23, 1955

There was rain overnight in the eastern corn belt; also precipitation in Oklahoma and the Texas Panhandle, and that was a fairly good rainfall, but elsewhere weather was generally fair. There will, however, be showers and thunderstorms tonight in Iowa and Nebraska, or possibly on Wednesday, and the same east of the Mississippi River, according to our weather forecaster. It has always been our belief that after August 10th rain does not help as much as when received earlier. By that time the corn plant must get most of its moisture from the stalk and not from the ground. However, there are other theories and a good many people are somewhat pessimistic as to the outcome of this year's crop, although our own feeling is that we should still have 3.2 billion bu or better, and that will soon be known when the government report is issued in September.

As for wheat there is little change from day to day, and with the huge stocks that have been accumulated, the only hope for the bull is that heavy quantities will be placed under the support program. The government believes that enough will be impounded to cause prices to advance as the season progresses. They point out that it was not until after mid-July that the movement of 1955 winter wheat into the loan became sizeable. They call attention to the fact that the crop in the Southwest is much smaller this year than last, and it is their feeling that the free supply is likely to compare favorably with a year ago, and they even see the possibility that it may be somewhat larger. Last season 431 million bu wheat was placed under price support, of which 374.3 million was finally delivered to Commodity. On June 30th of this year, Commodity had under its control 990 million bu wheat, and this is really a huge figure and would indicate that there was about 30 million bu in the free stock, and it probably accounts for the fact that the May future expired at a big premium over the new-crop months.

Looking ahead we see little chance for reducing our surplus wheat stocks unless we find some method of exporting larger quantities. The acreage allotment of 55 million will probably be slightly exceeded, and then if we have an average crop next year of 15.5 bu per acre, it is reasonable to expect a yield of 860 million bu. Our domestic disappearance has been going down rather than up, even with the increased population; so it is possible that the disappearance for domestic usage will not exceed 608 million bu. Even with the greatest efforts our export shipments are running somewhat less than 275 million bu. Thus it is quite apparent that with average crops on a reduced acreage we are still producing about as much as is totally needed each year for domestic and export purposes.

At the moment overseas demand for our wheat is practically at a standstill except that Italy had apparently purchased 3 cargoes dark hard winter wheat for September shipment, but this came out of government stocks. In addition to this Japan within the next few days is expected to buy some soft wheat. Austria had bought 2 cargoes corn overnight, but despite this factor our market ruled somewhat weaker..

Primary receipts of wheat were rather small today, and amounted to only 1.7 million bu which compared with 4.2 million bu last week, and 2.4 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 234,000 bu.

Markets were a little weaker early; in fact, the recent reactions had been brought about by rather moderate offerings. However, there may have been a little buying today, when the mid-day weather report was issued, indicating higher temperatures tomorrow, and no immediate rains for Indiana, Iowa and Illinois. However, the Weather Bureau revised the five-day forecast, which suggests that toward the end of the week there may be 1/4 to 1/2 inch of rain. The Weekly Weather and Crop Report was not at all alarming, but we have had more than our share of hot weather this season, and the trade seems to be a little nervous.

When wheat prices rallied corn also recovered from the early dip. There was buying of July wheat on the possibility that seeding operations may be hampered in some areas due to lack of rainfall. Moreover, that future has been the weakest lately, and has lost ground on May.

From what we hear the sorghum crop has suffered to some extent in western Kansas and in the Oklahoma Panhandle. Likewise the dry areas in Texas need rains, but the crop is not generally in critical stage yet. We also understand that the irrigated land never looked better, and there is an estimated 1.8 million acres under irrigation in Texas. Prospects on the latter indicate 50 bu per acre, which is considered quite conservative.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 24, 1955.

There was not much rain overnight, although our own reports showed a good shower at Salina, Kansas, and we saw mention on the ticker that several spots in Iowa had received rain. Nevertheless, the market opened with little change following yesterday's upward reaction, and there seemed to be some hesitancy. It is still a question as to how much damage has been sustained by the bean and corn crops during August. We had, of course, the favorable July improvement when the August government report was issued indicating record crops for oats and sorghum grains. The second largest corn and barley crops, with total feeds amounting to 140 million tons. This is more than will be fed in the 1955-56 feeding year. Consequently, minor damage is not too important, and it remains to be seen whether losses have been kept down.

As far as wheat is concerned harvesting operations are nearly completed in all sections of the country. There can be little change in the total supply picture, and we assume now that a crop of 911 million bu is about correct, so that, together with a carryover reserve of 1,020 million bu, and minor imports of, say, 4 million bu, we have a vast stock with which to deal. The government now figures that with about the same exports the coming year as we had last there will be a reserve stock on July 1, 1956 of some 1,060 million bu. Thus, we are still adding to the burden by about 40 million bu but the pace has slowed down. Wheat stocks rose 206 million bu during 1952-53. They increased 340 million bu in 1953-54 and 118 million bu in 1954-55. It is for these reasons that the only bullish factor we can point out is the possibility of heavy impoundings, which would give us an artificial situation later on.

Secretary Benson will make a major address at Pantagraph Farm on Soil Day and at Bloomington, Illinois, tomorrow. We understand that he will call attention to the fine-looking fields in the surrounding country, and we rather have the feeling that his speech will be one of optimism, as is only proper when Nature has been good and the outlook appears to be for one of the best corn and bean crops in history. On the other side of the picture is the demand for farm products, which continues at a high level with rising consumer incomes. In spite of this, grower prices so far this year have averaged 4% below the first seven months of 1954. Some further easing in price may occur as harvests progress, according to the USDA. They point out that larger production, however, will partially offset the effect of lower prices on farm income.

We hard from Canada that weather in the west continues ideal for maturing of the crop and for harvesting operations. Some areas will benefit from rains but generally speaking the situation continues favorable. In one spot in Alberta frost was reported last Sunday but it seems too late for any material damage.

Here at home we have had a long dry spell and in some sections of Illinois there has not been a rain for over a month. As a result corn prospects have declined moderately, and even soybeans while not showing as much visible sign of damage may have been hurt, but all in all a good crop is still expected.

Primary receipts of wheat amounted to 1 1/2 million bu compared with 1.8 million bu last week, and 1.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 263,000 bu.

The mid-day forecast suggested scattered showers for Iowa this afternoon or evening, with thundershowers in the northern portions today and eastern portions Thursday. For Illinois, chance for scattered thundershowers in the northern portions tonight or Thursday. Minnesota is likely to have scattered thundershowers southern and western portions, while Indiana will be fair.

Wheat turned rather weak for no particular reason, except that buying power lagged. According to The Southwestern Miller flour sales were small overnight, and bakers are not displaying much enthusiasm at the moment. December corn held relativelythe firmest of any of the corn futures, and there was some buying for speculative account, although the September future was neglected. The Iowa State Report said that lower temperatures throughout the State were beneficial, but that much crop acreage of the east central and eastern parts of the State has not been subject to serious damage as yet. They figure that further and general rains at early dates would be invaluable.

Beans lost ground after trying for an early rally. There was not much feature to that market. Almost in spite of what happens from now on a record crop is expected, even assuming some losses here and there.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 25, 1955.

While the Russian farmers toured this country making an inspection of agricultural conditions, we had sent a somewhat similar delegation to the Soviet Union, and they have been traveling in that country for the past few weeks. These men were due at Idlewild Airport this morning and will then proceed to Washington before they return to their homes. For the convenience of press, radio, and television correspondents, there will be considerable news coverage provided, and it will, indeed, be interesting to find out by comparison how conditions appear to them in a country where relatively little machinery is being employed for the handling of crops. Mr. W. V. Lambert, Dean of the College of Agriculture and Directors of the Experiment Station and Extension Service at the University of Nebraska, has headed the U.S. delegation, and will probably give us much valuable information - as to what he learned. However, all members of the delegation appearing in Washington will be open to questioning.

Before our market opened this morning there were reports of rather high temperatures in several places in Nebraska and Kansas. We are also going to have warmer weather over much of the corn and bean belts, and no moisture seems to be indicated. Thus there was a little apprehension that possibly crops had gone backward more than had been generally anticipated. One member of the Board, who has a farm downstate, seems to be a little more concerned over conditions than he had been, and because of his usual conservatism this may have had some influence on the price level here, as both beans and corn were quite strong at the opening, and it is obvious now that we must be prepared for a smaller crop yield than was forecast by the government earlier in the month. However, our own offices downstate, while admitting that corn has been hurt by possibly as much as 10 to 20% in commercial areas, still feel that we have a prospect for a better than average crop. As far as beans are concerned, some doubt whether they have been hurt to a great extent. It is true that there are areas where there has been no rain for two months and corn has fired. However, rain even if it came at this time might not bring about much relief except that it would freshen the plant. In view of the fact that we had a bumper crop prospects a month ago, most farmers still believe that we shall still have a good average yield, and probably much better than last year. Then there are other areas where scattered showers came in time, so that the over-all picture is not at all dismal, nor is it fair to generalize when some bad territories call attention to excessive deterioration.

Wheat was not helped much by the strength in corn and beans and while our export shipments have been heavier than a year ago, it is generally figured that CCC will furnish the supplies, and, therefore, it is not much of a market factor.

Since the beginning of the season we have cleared 44 1/2 million bu wheat vs 30 1/2 million last year; last week's shipments were 6.3 million bu. In recent years, France has become an important factor in the field. Since August 1st a year ago through May of this year they exported 71 1/2 million bu vs 28.3 million the year before. Our U.S. corn exports since last October have totaled 76 3/4 million bu compared with 70 3/4 million a year ago.

Primary receipts of wheat amounted to 1,562,000 bu which compared with 1,809,000 bu last week, and 1,834,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 188,000 bu.

The strength today was mostly in corn and in beans for the reasons that we have described earlier in this letter. Some apprehension is felt that the next crop report on corn may show quite a sharp reduction from the near 3 1/2 billion bu crop which was forecast earlier in the month. For the next few days it looks as though clear skies and relatively high temperatures might prevail, and during periods of this kind shorts are always on the defensive.

As far as wheat was concerned, it finally paid some attention to the surrounding strength in other pits. Minneapolis wheat futures were very strong, and we are told that this is due largely to the relatively small quantities of ordinary wheat that are available up there for delivery purposes. Minneapolis is the one contract market where the nearby future is selling at a premium, while elsewhere the reverse situation prevails. We have relatively good carrying charges both here and at Kansas City. Flour sales are rather small, a few replacements, but with the large business that was put through earlier buyers seem to be rather complacent.

It was reported that Denmark had bought 4,000 tons of soybeans for Sept. shipment, but we believe that the strength was mainly due to the fear of crop deterioration. In corn, one large elevator concern was trying to transfer its hedges to December at a premium of 1 1/2¢ over September.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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MERCHANTS EXCH. OF ST. LOUIS

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 26, 1955

Chances are that with an election year ahead that the movement of surpluses will become a hotter political issue during the coming months. Per capita income of farmers last year was only one-half that of non-farm people. As Mr. Benson pointed out yesterday at Bloomington, this, of itself, is a rather frightening statistic. There are 22 million people living on 5.5 million units classified as farms in the U. S., but yet 2 million of these 5.5 million farms produce 85% of the food and fiber that goes to market each year. Many of the other 3 1/2 million units are so small and produce so little that the farmers who operate them are in constant difficulty regardless of the general level of agricultural prices. Because of the fact that marketings from these smaller farms are so limited, price support programs in these cases are of only minor assistance at best. There has been some concern over the fact that farmers are getting a smaller share of the consumer food dollar than during World War II, and that this is a bad omen for agriculture. The Secretary likewise pointed out yesterday that one farmer had told him of his experience in selling produce through his own road-side market. By doing so he was getting 100% of the consumer food dollar, but he had to take so much of the time that should have been spent in the field that he nearly went broke. Here is another example of what the marketing system does for the farmer so that he can devote his full energies toward his own work.

Before our market opened this morning hot weather was again reported over much of the country, and there seems to be no let-up from the high temperatures, while at the same time not too much moisture has occurred anywhere. There were some generous rains over portions of the Northwest, but mostly in Wisconsin, and Minnesota, and it was raining lightly this morning at Storm Lake, Iowa, but otherwise skies were clear. There probably will be scattered thundershowers tonight and Saturday, but the heat will continue. For the corn belt it will be fair and warm tonight and Saturday except probably showers in northwest Iowa and northern Nebraska. The five-day forecast likewise is not very encouraging. Our weather man points out that so often when heat waves prevail we have to contend with hot winds, which is not the case at present, and more-over the nights have been relatively cool.

Corn and soybeans were higher this morning, but according to the National Soybean Processor Association only a late summer and early autumn drought could stop soybeans from racing through a new production barrier. They likewise point out that in seizing the crown of the second largest cash crop in the Midwest, the easy-to-grow soybean has shattered many records. Its value since early in World War II has jumped from $70 million to close to $1 billion. Moreover it saved the fats and oils situation for the U. S. and its allies during that war. Should the soybean crop be somewhat reduced the surplus problem will not be as vital as for some of the other commodities. In the crop year just ended the investment of the U. S. taxpayer in farm surpluses had risen by $1.2 billion to about $7.2 billion. From this surplus stock-pile there are products available for sale to the value of $5.3 billion. The large items included in this list are wheat, cotton, corn, butter, cheese, dried milk, rice and wool. Senator Ellender of La. stated that he was told that Russia did not need any American farm surpluses now.

Primary receipts of wheat amount to 1,837,000 bu which was almost identical with last week, and compared with 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 155,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase last year of 259,000 bu.

Trade was moderate. There was a good deal of short covering early, but later in the day wheat prices reacted, and even Minneapolis wheat futures declined. They had 568 cars this morning, which indicates a slight improvement in the box car supply. We were told that a large percentage of wheat sold on a to-arrive basis for September, October, and November shipment. Flour business is still very small, with no improvement in sales. We were advised that the irrigated land in Texas still promises a large sorghum crop, but hot, dry weather continues, and there were reports of material damage to the dry sections. However, even corn and beans reacted from the best levels of the day on profit-taking. There was some scattered commission house selling, as well as local selling in beans. Secretary Benson at his press conference stated the Administration would probably permit private operators to sell perishable farm commodities to Russia and other Iron Curtain countries, but such products as cotton, wheat and other grains would probably be ruled out.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 29, 1955

With the longer week-ends due to the Saturday holiday, it is customary for traders to even up during a period of crop scares as even the 48-hour-forecasts are not too accurate. Sometimes changes in the weather come unexpectedly. It has been dry now for a long time over the corn and bean belts, and while no appreciable relief was received in the corn states, there has been considerable rainfall received in portions of Kansas, Oklahoma, Texas, and Nebraska, also some light rain in Iowa. The warm weather has continued but cooler weather is moving into the Northwestern States from the Canadian Provinces, and should reach northern portions of the corn belt some time Tuesday. The map is becoming a little more unsettled and rain is expected tonight in various parts of the Southwest, while for the corn belt scattered showers are likely in Iowa and Nebraska this afternoon and tonight and east of the Mississippi River Tuesday afternoon and night. This, of course, tempered some of the bullish enthusiasm which had existed last week.

We believe that the trade should be prepared for some crop losses when the September official figures are published. This, however, might be far from a calamity when it is considered that the corn crop was estimated at nearly 3.5 billion bu, and the indicated yield of 43.1 bu per acre set a new record for all time. In the August report allowance has already been made for the prolonged July heat wave which had reduced prospects in dry areas. However, in the southern states the best corn crop in years seemed to be in sight, and there is always some question as to how much damage is actually sustained by the corn plant after Mid-August, and we shall have to await the next report before coming to definite conclusions. Likewise in beans, the nation's first 400 million-bu crop was reported a few weeks ago. In fact, at that time production appeared to be some 23% larger than last year's record of 343 million bu. The bumper crop of 420 million bu was the result of both record acreage and yields. In the case of beans there also may be some setbacks, but it is rather doubtful if the actual damage has been too serious. We do not hear much about deterioration to the prospects for hay and pasture, but it should be mentioned in passing that the 109 million-ton crop of hay that had been promised for 1955 was the largest ever in sight, and had the outlook been maintained, it would have been nearly 5 million tons more than last year's crop.

To those who are interested there will be a new publication released by USDA on Wednesday. The title of this treatise will be "Cultural Practices for Sorghums and Miscellaneous Field Crops."Single copies may be obtained free from the Office of Information, USDA, by applying for Circular #959. This publication will deal with the results of experiments that have been carried on for more than thirty years, and its principal concern is with sorghum and wheat. It will discuss tillage and rotation experiments with a number of field crops, and should be of great interest to those who follow agricultural pursuits.

Chicago wheat stocks showed an increase of 192,000,bu. with more than 17 million bu now stored here. Chances are there will be some deliveries on September contracts with possibly somewhat less than 2 million bu tendered .Corn stocks locally decreased 212,000 bu, leaving 3.8 million bu here. There was little change in oats and in rye. The soybean stock went down about 1/2 million bu, leaving only 888,000 bu in Chicago.

Markets were mostly on the weak side, and the change in the weather naturally was responsible for some selling. The mid-day forecast was fairly favorable with some showers and scattered thunderstorms for Illinois tonight. The same type of precipitation is expected for Indiana. For Iowa, there are thunderstorms likely this afternoon, and in the southern half of the state tonight, being locally heavy in the south central and southeast portions.

Wheat prices also reacted as corn and beans weakened. There was no special news. Flour business was extremely light, and general commercial demand is unimportant. New wheat has been seeded in Southern Hemisphere countries, with no expansion in acreage expected. Conditions have turned more favorable in Australia since the rains occurred and germination is satisfactory. However, Argentina is experiencing unfavorable weather, and considerable abandonment is anticipated. The government sold about 2 million by soybeans on their recent request for bids; prices were pretty low, and some people in the trade believe that while the present sales may be beneficial, it will have an effect on the export demand later on if foreign buyers feel that by waiting they may be able to get cheaper offerings from government stocks after defaults occur next crop season. This may seem farfetched, as all buyers cannot wait until next spring.

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CHICAGO, 4 August 30, 1955

The sorghum crop has been gaining both in popularity and in importance, but not much is heard of it in this part of the country as it is grown mainly in Texas, Kansas, Nebraska, Oklahoma, and Colorado. Recently we have learned that plantings were being increased in Iowa and to some extent in Illinois. Last year's harvested crop of grain sorghum was, roughly, 10.8 million acres, and this year's harvested acreage is indicated at 13.2 million acres. During the ten-year period, 1943-52, the average crop in this country was somewhat less than 135 million bu, but it was estimated that we might have a yield of 266 million bu this season, according to the August 1st government report. The grain is used in mixed feeds, especially for poultry, although in recent years the use of sorghum was found to be satisfactory in the production of such food products as starch and dextroe. Like corn it is a grass, but unlike corn, sorghum grain grows at the top of the plant where corn has its pollen-bearing tassel. It has been grown mostly in the Southern and Central Great Plains area, where moisture was generally insufficient for dependable corn production. Just today the Department of Agriculture announced that hybrid seed is expected to be available to growers in limited quantities for the first time next spring. In the next five years most of the more than 10 million acres now planted in open-pollinated grain sorghums may be planted with new superior hybrids. On the basis of field trials, bybrids increase yields 20 to 40%, a gain at least equal to that from hybrid corn. This new development promises to become a big factor toward increased acreage. Dr. Martin, one of the scientists identified in this work expects hybrid grain sorghums to move east from the Southern Great Plains, particularly as growers learn that these hybrids can insure more stable feed grain supplies than corn in dry years. Also, he says, the extensive damage by and cost of control of the corn borer, should encourage a change-over in some areas from corn to sorghums, which are less susceptible to grasshopper and rootworm attack.

There were some wonderful rains overnight and we would say that they varied in amount from 1 1/2 to 2 1/4 inches covering the entire State of Illinois, all of Indiana and Ohio. They were less beneficial in Iowa where only about one-third of the State was covered, but in any event it seems to have put an end to the dry period.

When our market opened this morning beans and corn were only fractionally lower and apparently some of the locals, who had been short in anticipation of the change in weather, covered positions, and there was also some buying on the theory that the recent breaks had been fairly rapid. The outlook is for generally fair weather and pleasant temperatures. The five-day forecast does not look for much precipitation, but in view of the fact that there were also some nice rains in parts of Oklahoma and Kansas, we can hardly expect too much at one time. There was some processor buying of beans and there was some switching of hedges in the pits, particularly of wheat from September to the later months. There must likewise have been liquidation by holders to make this changing possible. At Minneapolis the September wheat future remained strong, in spite of the strike at Buffalo, which has lessened the demand for hard wheat in Chicago.

Primary receipts of wheat amounted to 1,746,000 bu, which was almost the same as last week and compared with 2.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 111,000 bu. The visible supply was posted after the close yesterday. Wheat increased 1,395,000 bu to a total of 416.8 million bu, or roughly 15 million bu more than was on hand a year ago. The corn visible increased a little to 18 million bu vs. only 10.8 million last season. Beans decreased 702,000 bu, and the total in various markets is less than 2 million bu, or 435,000 bu less than a year ago.

Trade was somewhat more moderate. Corn and beans rallied pretty well on moderate buying, and closed near the top. There was early liquidation in September wheat, which carried it into new low ground for the season. There was, however, some buying of deferred months with comparative strength in the March delivery. The close was very firm.

Flour sales have fallen off considerably in recent days, and bakers seem quite independent with the rather large bookings that were previously made. After the close of the market this afternoon the Canadian government will make its first official estimate of 1955 grain production. A wheat crop of about 500 million bu seems to be pretty well assured on reports which we have been getting.

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CHICAGO, 4 August 31, 1955

After the close of the market yesterday there were several important annoucements made, but none of them had any particular significance for grain traders at this time. First of all, our government published parity prices for various commodities, and the changes are insignificant from the month before, although it was announced that farm goods prices had dropped by about 2% in the month ended August 15th, and incidentally this was the fourth consecutive month that lower prices had been reported. It may have some political bearing, but actual farm buying power, as measured by the Department, kept pretty steady in August. This was for the reason that prices farmers had to pay for living and production items had dropped by about 1%. Corn parity is now $1.82 per bu, and if this is maintained until October 1st it would make for an average farm loan in the country of $1.58. This is the minimum which the U S D A had set sometime ago on basis of 87% of parity. The present wheat parity, with allowance made for the transitional feature starting next January indicates an average farm loan of $1.81, which is the same as had been guaranteed figuring the next year's loan at 76% for the 1956 crop.

There was also a report from Ottawa, Canada, the Dominion Bureau estimating the Canadian wheat crop at 500 million bu, which was not a surprise but nevertheless this is 201 million bu more than the amount raised last year, and generally speaking it is our belief that quality of their crop will be far superior to that of a year ago. They also increased the production figures for oats, barley, rye, and flaxseed as follows; in thousand bushels:

	1955	1954
Oats	435,880	306,793
Barley	268,798	175,509
Total Rye	15,432	14,176
Flaxseed	22,253	11,238

Before our market opened this morning the weather map indicated fair, cool, and pleasant temperatures almost everywhere, and there is no rain in sight, although some of the State reports have indicated that with the recent moisture further deterioration of corn and soybeans should be arrested, and in general some of the soaking rains may still be beneficial to late planted crops and fall pastures. Crop production in Iowa has been cut back, and the same undoubtedly is true for Illinois, but with the advanced season it looks as though frosts would not be a menace this season. However, we shall have to await the private report and finally the official estimate before we can come to very definite conclusions.

One of the economists at the University of Illinois believes that even if the soybean crop would reach a figure of 420 million bu that we may have relatively good prices this season. His forecast was made with reservation because of this huge supply, and he stated there was no precedent to guide us. However, he did point out that we have been using increased amounts of meal and oil every year, and that prices have adjusted to keep supplies moving into use and not into storage. He feels that the domestic meal market is expanding, and there is yet room for greater consumption. As for oils he points out that world population is increasing and that people are demanding better diets.

Primary receipts of wheat today totaled 1,260,000 bu compared with 1,510,000 bu last week, and 1,926,000 bu a year ago. So far this week Kansas City and Minneapolis stocks show a total decrease of 253,000 bu. Today was the first tender day against September contracts, and up to noon tenders on wheat amounted to 590,000 bu, oats 1,100,000 bu, corn 40,000 bu and rye 340,000 bu.

Minneapolis September wheat stays very strong compared with their December, and in some quarters there is expectation that the premium will further widen. Many in the trade do not expect deliveries until the final days. This year's spring wheat crop produced very little low protein wheat, which is normally delivered, and most of the stocks in-store have been traded to the CCC who now own the majority of the deliverable type of wheat. Flour buying remains extremely dull, according to The Southwestern Miller. A great majority of bakers are indifferent about taking further commitments. Spring bookings also remain dull. St.Louis reported that a couple of cars of new beans were received in that market today from a point about 40 miles to the south. The beans graded #1 yellow, and in that particular territory yields seem to be running 35 to 45 bu per acre.

There was more or less evening up of corn awaiting the private report which will be issued tomorrow.

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CHICAGO, 4 Sept. 1, 1955.

There was very little grain news overnight. Weather was mostly clear in all sections of the country and temperatures had moderated. Chances are that it will become a little warmer but none of the hot, stifling temperatures are forecast, nor is there much moisture in sight.

Shortly after the opening the Galvin report was published, and he estimated corn production at 3,143 million bu, which was a considerable cut from the government figure of 3,477 million bu on August 1st. The sharp downward revision in prospects occurred mainly in the states west of the Mississippi River with the yield in Iowa 140 million bu less than a month ago, and also a sharp cut in Nebraska from 188 million to 107 million bu as the result of excessively high temperatures and lack of sufficient rainfall. At first glance one might contrue this as quite a bullish report, but very seldom do those two states import corn even when their crops are small. On the contrary it generally means that feeding habits are reduced, and we should not be surprised to see some change in the amounts fed to hogs andother livestock. As far as Illinois was concerned, the reduction from the government figure was only 28 million bu, so that in spite of all the bad reports we heard, the outcome was not nearly as bad as some had figured. In some states corn production was actually increased and this was true of both Indiana and Ohio, where improvement amounted to 15 million bu for each state, and that, too, came as no surprise for east of us they had better rains than were experienced around this territory. The bean report showed a reduction of about 30 million bu, based on the government estimate of 420 million bu. However, the experts own forecast last month was for a crop of only 395 million bu. Therefore, it is still possible that when the official figures are published later this month, the disparity will not be as great. The oat crop turned out better than expected, and the spring wheat crop looks to be some 10 million bu better than was officially estimated in August. Taking it all in all we see no shortage anywhere, particularly taking into account the huge surpluses that have been accumulated.

Yesterday's tenders of wheat went pretty well to one clearing firm, and over half the oats went to one clearing member, while the rye tenders were fairly well scattered. It is difficult to draw any conclusions from this, but in any case most of the hedgers had a good opportunity to change over their commitments to the more distant futures if they so desired. In oats there is still a big carrying charge from September to December and though the price is low, a big carrying charge of this sort is often a handicap to bullish operations.

The USDA points out that our farm exports in July were estimated at about $265 million, or 25% higher than the $213 million total for the same month a year ago. The gain, however, was mainly due to government export programs, which increased shipments of principal grains, tobacco, and some fats and oils.

Broomhall's Foreign Crop Summary was mostly favorable, and completion of harvest in Europe was made possible except in areas where heavy rains had interfered. Slightly smaller yields per acre in France were reported but quality of new grain is better than last season. Weather in West Germany favors completion of harvesting operations. Important purchases will not be made until late next month. Our shipments of wheat and flour this week, according to Broomhall, were only 1.8 million bu, but since July 1st we have cleared 46 1/2 million bu vs 33 million bu a year ago.

Primary receipts of wheat amounted to 1.7 million bu which compared with 1.5 million bu last week, and 1.8 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 352,000 bu.

Trade was not particularly heavy. There was some buying early, and the fact that there were reductions in the crop figures for corn and beans, brought some buying into the pits, but bulges did not hold. Locals sold beans, and there was some liquidation in corn after the Galvin report had been issued. Wheat for a time held pretty well, but there was no sustained buying, and commercial business was slow. The mills have expressed disappointment over failure to replacement buying, and the daily volume is quite small. The spread between September and December wheat narrowed, and retenders on contracts were quite insignificant all along the line. There is still no progress and no meeting scheduled for the Buffalo elevator strike, which is possibly responsible for the slow demand for cash wheat. Spot corn is selling at 4 to 4 1/2 over September.

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CHICAGO, 4

September 2, 1955

Most of the meetings of an international character have been held in Geneva, and some rather important policies have been considered during the past month or two. Next week eyes will be focused on Italy when farm leaders of the world will meet in Rome for the eighth general meeting of the International Federation of Agricultural Producers. Agricultural policies, what they are and what they should be, constitute the key item on the agenda. Secretary Benson will address the meeting on September 9th. We naturally have no idea what the discussions will involve, but we would be very hopeful that the marketing of grain would be one of the important topics to come up at that time.

It is significant in our opinion that Britain, still one of the largest individual buyers of wheat, has tacitly admitted that its wheat purchases would have been greater in Canada if it had been sold to them through the futures market. A questionnaire was submitted sometime back to importers and millers by the Winnipeg Grain Exchange. It covered a wide range of marketing problems. Of prime interest to Prairie farmers and the grain trade was the response to questions on the open market, which has long been a controversial issue in the western growing area. If facilities to hedge had been available the British were asked, would they have bought more, the same, or a smaller quantity of Canadian wheat. Of 49 returns 26 stated that they would have bought more; 14 said their purchases would have been the same, and there were only 4 who replied that they would have taken less, while 5 did not express any opinion whatsoever. A majority expressed disapproval of the way the Canadian Wheat Board prices its wheat at the present time. This is possibly an admission or at least an expression of trade opinion in further accounting for Britain's failure to ratify the International Wheat Agreement two years ago. More specific opinion on the value of IWA and other bulk trade deals was resoundingly provided when 45 of the 49 answers opposed government bulk trading in commodities. Two favored the bilateral agreements but no one backed multilateral trading, such as the International Wheat Agreement.

Before our market opened this morning there was very little news, except that the Santa Fe Railroad report had been issued late yesterday afternoon. It spoke of surface and subsoil moisture conditions being very dry in the Southwest, particularly in Kansas and Oklahoma, despite substantial rains that fell during mid-August, which brought temporary relief to scattered localities. As a result of cooler weather and scattered rainfall much of the Oklahoma crops and pastures showed considerable improvement during August, but it was also stated that the rains missed a number of localities, and there are still areas where rain is needed to sprout volunteer wheat and to build up reserve of moisture in the subsoil. In Texas, some planting of winter wheat has started, but most of the Panhandle area in the High Plains is seriously deficient in both surface and subsoil moisture, which is needed to get wheat off to a good start. Of course, it is still early, but fair weather now prevails generally over the country, and the five-day outlook does not envision more than possibly one-tenth inch of rain between now and Tuesday.

Primary receipts of wheat were slightly smaller today and amounted to 1,377,000 bu, which compared with 1,837,000 bu last week, and 2,095,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 401,000 bu. When the visible supply is posted on Tuesday it will compare with a decrease last season of 1.3 million bu.

It was extremely quiet in all pits, and apparently no one was anxious to make large engagements just prior to the Labor Day holiday. While there was no pressure of consequence from first hands, there seemed to be profit-taking, and most markets eased, although September corn was relatively stronger than the later months. Up to now there have been practically no corn deliveries; in fact, the spot market keeps very firm. The mid-day forecast was for showers in various parts of Minnesota, Wisconsin and Iowa, but fair for Illinois and Indiana. Flour business continued very dull, and bookings are of small proportions. There continues to be wheat circulating in Kansas City on the September contract, but retenders have been small, if any. The same is true in Chicago, and the first tenders have apparently gone into hands that are willing to hold at least for the time being.

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CHICAGO, 4 September 6, 1955

The increased acreage in soybeans, some of it representing a diversion from basic crops, has taken place, despite the fact that over the period of the last few years support levels have been lowered considerably. For example, the National Average Price support rate in 1953 was $2.56 on the farm, while last year it had been reduced to $2.22 and for the coming season it will amount to only $2.04 per bu. A year ago the average farm price for beans on August 15th was $3.23 per bu, while at mid-August this year farmers were getting only $2.20; so the returns to producers were even worse by comparison than the drop in the support level. Nevertheless, this is the situation at the present time, but even with the lower prices total crushings since October 1st have amounted to no more than 210.4 million bu vs 187.2 million for the same period last season. Exports of soybeans from last October through August are estimated at 54.9 million bu against 38.2 million for the first ten months of last season. It is now estimated by the government that supplies of soybeans remaining for processing, export, or carryover on August 1st totaled 55 million bu compared with 28.2 million a year earlier. Stocks of soybeans at crushing plants on August 1st totaled 10.5 million bu vs 15.3 million a year earlier. Thus it is almost an assured fact that the carryover reserve at the end of the crop-year will be somewhat larger than last season, and it is also almost a certainty that the coming crop will be the largest ever harvested even though it may not be quite as big as had been estimated by the government in August when a yield of 420 million bu was in prospect.

According to the Baldwin Elevator Company of Decatur, Illinois, the soybean crop is maturing rapidly and is more advanced than last year. They say that regardless of the widely varying reports prospects in the southern areas of Illinois are considerably above last year when a real drought was experienced. With the likelihood that we shall have new beans before long, the cash market is beginning to discount the situation, and this morning prices TCS Illinois, which had been about $2.40 on Friday, had dropped to as low as $2.25. Some business was actually reported at the lower level, although there were trades also at intermediate prices. As a result there seemed to be more pressure on September than on later months.

It had been expected that receipts in the Northwest would be very heavy after the Labor Day Holiday. Carlots of wheat amounted to 1,572 cars, which was less than had been figured and compared with 1,616 cars last year. With the larger crop this season it would not have been a surprise if we had had a heavy run of wheat, but possibly the car shortage may have had something to do with this.

Weather was clear with comfortable temperatures almost everywhere. Practically no rain was reported and not much is indicated either in the daily or in the five-day forecasts. In Europe weather has been mostly favorable for the completion of the harvest in Western Europe and deliveries are increasing, with the result that demand for foreign grain has subsided. Japan bought some wheat last week. Due to the freight difficulty very little wheat was bought in the U. S., according to Broomhall, although one cargo was purchased in Canada and four in Australia. Italy bought 500,000 tons Argentine wheat in line with the Trade Agreement. It is claimed that Italy may re-export this wheat in exchange for durum grades, of which there is a scarcity.

A 2 million bu increase in the wheat visible supply carried the total to 418.8 million bu, which is 18.3 million bu larger than last year. The corn stock increased 1.6 million bu; oats increased 678,000 to 37 million bu; while bean stocks declined again, with only 1 1/2 million bu in various markets. Here in Chicago wheat stocks increased to a total of 17 1/4 million bu. There was a small decline in corn, oat stocks increased to nearly 10 1/2 million bu, and rye stocks, because of imports, increased locally to 4 million bu, and bean stocks were cut to 690,000 bu.

Trade was not particularly large, but there seemed to be a better sentiment in wheat, despite the poor milling demand, and there were good advances, with pressure light. We were told that in the Northwest about 95% of the wheat receipts were free, and a big share was being applied on to-arrive sales. There was hardly anything for storage. The corn market was stronger, and so were premiums. The country hardly sold anything, and buyers in the pit had the advantage in today's trading. September beans were somewhat weaker, but the deferred months gained a little, although volume generally was small. There were also advances in oats and in rye.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 7, 1955

At noon today the Department of Agriculture released a very technical treatise which we shall not try to detail too carefully, but because of its importance we want to touch on some of the highlights. Scientists in the Department have tried a new approach to better pest controls and chemicals, and it may be that in the future many of the bugs and pests that have infested plants and have caused such tremendous damage may be more or less a thing of the past. It is a sad commentary to know that of all the food grown in the world a huge proportion is devoured by insects and pests. The damage in the U. S. from this source alone runs as high as $4 billion per year taking heavy toll of our crops, even where insecticides are well known, accepted and widely used. The figure is indicative of the amount devoured by insects and pests in those nations where little or no attempt is made to control them. Furthermore, destruction to crops by weeds is another tremendous factor where young plants are choked and weeds leech the soil of its nourishment. In this government release of today they speak of the greater knowledge which has been obtained, and how certain chemicals move inside of plants, and that because of this development protection can be afforded against diseases, insects, or nematodes without harm to the plant. Two such chemicals are referred to -- one known as MOPA, which is a growth-regulating chemical, and the other is mandelic acid, but the latter has no visible growth-modifying effect. With radio-active growth-regulating chemicals, plus the analytical technique, it is thought that great progress has been made, and that further research will tend to greatly cut down plant destruction, and to thus improve our agricultural output. Most of the chemicals used up to now as insecticides or for treatment of plant diseases have had little effective systemic action.

Before our market opened this morning there was nothing particular in the weather. As a matter of fact, temperatures were a little lower, and most pleasant to say the least. There had been no rain of consequence, nor is any indicated, but here recently there have been more numerous reports of deterioration to the corn crop in Iowa. One observer now believes that not more than 400 million bu will be raised in that State. Had it not been for the fact that one of the leading industries here in Chicago had stepped out of the cash corn market we might have had firmness again. There was said to be a threat of labor difficulties but whatever the circumstances may have been cash corn receded about 1¢ per bu, and the futures market was slightly lower.

There was also a little selling in beans on the theory that crops are earlier this year than usual, and that the movement will bring in some pressure before long. Country selling of soybeans is slow with processor bids having been advanced recently. Current bids are now 12 to 12 1/2 under new November TCS for new crop. Current bids for old crop are down to about $2.15 to $2.16.

The Saskatchewan Pool in its first estimate of the season of the size of the wheat crop says a yield of 303.5 million bu is likely, which is a slight increase over the Dominion Bureau's report, but everyone knows now that Canada, in spite of a somewhat smaller acreage, will have another large wheat crop, and we may, therefore, expect fair competition from that country, particularly as the quality of the wheat is far superior to last year.

Primary receipts of wheat today amounted to a little over 1 1/2 million bu compared with 1,260,000 bu last week, and 1,881,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 72,000 bu. The amount of wheat in deliverable positions changed very little during the week, and there is still about 4 1/2 million bu of #1 and #2 red winter wheat included in this total. We had hoped that the CCC by this time would have given us the amount that is held here in Chicago for their account, but there has been some delay in getting this data.

Markets were rather quiet today. After early weakness in corn there seemed to be some buying, and a few traders are of the opinion that the next government report may show a heavier reduction than was indicated by Galvin. Wheat was rather weak, and there is hardly any commercial business. Flour sales are small, and exports do not count for much as much of this business comes out of government stocks. However, there was some buying of the more deferred months, which held relatively better. Beans hesitated for awhile. It was reported that Denmark had taken a cargo of beans for October-November shipment, but still the market was quite weak. There is a fairly large open interest in the September future, both old and new, but apparently shorts are not very much perturbed despite small supplies here in Chicago, as there may be some new beans here before trading terminates.

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CHICAGO, 4

September 8, 1955

The government has issued a boom report on the nation's economy showing new records in employment, personal income, and construction. In another report the Commerce Department said that personal income in July had climbed to a rate which would mean a record of $304.7 billion if continued for a full year. It is a great credit to the free economy of America that we can make such strides, and at the same time offer gainful employment to the largest number of people in history. Total employment figures in July show an increase of 1 million from the previous high record, and a gain of 5 million from the recession low during the winter of 1954. This all came about despite modern techniques and automation, which on many occasions brought up the cry that machines were putting people out of jobs. One labor leader in particular had warned that push-button factory production threatened the nation with large unemployment. When dial telephones first increased in importance and many women operators were displaced, a good deal of pessimism prevailed. But the truth of the matter is that employment in most lines, including telephones, is incredibly greater today than it was 15 or 20 years ago when much of this talk was going the rounds. There were also press reports current in those days that automatic steel rolling mills with 126 workers in an automatic strip mill had been found able to produce as much tonnage as 4,512 workers in hand mills, a 97% reduction in man-hours. Nevertheless, progress of this kind has made it possible for our people to live better and to enjoy more of the material advantages of life without suffering, insofar as their own jobs were concerned. As the First National City Bank of New York points out in its monthly letter: "We shall need all the advantages that technological progress can give us to supply the wants of our rapidly growing total population with its rising standard of living. Our real problem, instead of a labor surplus, may be a labor shortage."

Before our market opened this morning there was not much to guide it. Weather continued clear over virtually all portions of the country, and there is no immediate likelihood of a change. Rains, while not badly needed this early in fall to provide the necessary moisture for planting of winter wheat and germination, are nevertheless a requisite before too long if the next crop is to get off to a good start. However, the battle is half won if weather is favorable at time of planting, and while it is not too late for improvement in this regard, moisture would be more than welcome over many parts of the dry areas of the Southwest. In fact, territories that could use precipitation are probably wider spread than usual as moisture has been extremely deficient over other sections of the country as well. Meanwhile, North America will have about 10% more wheat than last year because of the better prospects in Canada. A recent estimate for that country was a crop of 500 million bu. It is not generally believed that Russia, despite recent offerings, has any large quantities of wheat for export this season. Last year total shipments amounted to 13.3 million bu, and the previous year 25 million bu. Britain was claimed to have bought some wheat in that country recently, and we understand that an official British agricultural delegation will leave in about two weeks for a visit to the Soviet Union.

According to Broomhall, some rain fell last week in the drought areas of Argentina, but much more is needed to restore the condition to normal. Newly seeded grains have been damaged by drought, frost, greenfly, and rust in the early sections.

Primary receipts of wheat today amounted to 1,277,000 bu which compared with 1,719,000 bu last week, and 1,986,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 207,000 bu.

Markets were extremely dull today. There were advances in wheat, which may have been prompted by the possibility of the mill strike at Buffalo being settled, which would naturally increase the demand for the cash product. Minneapolis lagged a little but of course they have been so strong lately that this was not surprising. Corn was also firm, and there was no important feature, but the spot market traded at 3¢ over, and with one of the chief buyers here out of the market, demand is rather slow. We had a small upturn in beans in which the deferred months gained ground, but the September delivery was pretty much neglected. Rye was higher on moderate buying. Milling demand is still very slack, although a few bakers bought conservative amounts of flour.

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CHICAGO, 4

September 9, 1955

At the Board of Trade Symposium the head of one of the largest elevator concerns in the country has made a plea for the resumption of privilege trading. He concluded that the effect (after 25 to 30 years of study) was that it consistently tended to narrow the daily range, and, therefore, their use is very much in the public interest. He felt that it also increased the daily volume of pit trading and, consequently, by making the market more liquid reduced the cost of hedging to the benefit of producer and consumer. It was also pointed out that it was a means of insurance against sharp overnight fluctuations where changes in weather or possibly a government report might cause more than the ordinary fluctuation in the market.

Privilege trading was outlawed by the Congress upon recommendation of the CEA back in 1933. It should be noted that privilege trading, sometimes referred to as "puts and calls", or "bids and offers." has been common practice for many years on our stock exchanges. In fact, since 1947, anywhere from 5 to 9% of the business on the "Big Board" was in the form of option trading. Therefore, it seems inconsistent that it should be legal for this type of trade in securities but not in commodities. As a matter of fact, recorded history of this technique can be traced to 1694, when business of this nature was handled in Europe. Investors both large and small profited greatly from its use. We might also state that the founder of our firm introduced privilege trading on the "hop" market in Brussels 70 years ago, and they have continued it ever since with great advantage to the public, including hedgers who found it a most desirable medium of trade. The use of options is commonly accepted in many lines of business, such as real estate, book-publishing, and the motion picture industry. If the government had outlawed options against the purchase of property by a potential purchaser to buy within a specified period, it would certainly have handicapped that business tremendously, just as it is a great detriment at the present time that we cannot enjoy the same privilege in grain trading.

Before our market opened there was the weather to be considered. Some rain seems to be in prospect for parts of the corn belt, and the five-day outlook calls for precipitation in Illinois and Indiana from 1/3 to over 1/2 inch in form of thundershowers, probably occurring Saturday or Saturday night, and in the Ohio Valley early Sunday. Also, some precipitation is expected in Missouri but not over 1/4 inch, and mostly along the northern border. Kansas, Oklahoma, and Nebraska are not expected to receive much relief, although possibly 1/4 to 1/2 inch rain in Northern Nebraska but little in other sections of the Southwest. We had a message from Texas that the dry weather continued and that there was further deterioration to the sorghum crop. However, the irrigated land was in good shape, and they still feel that a crop of 150 million bu for that state is a possibility against an early promise of 200 million bu. We shall be needing moisture soon for winter wheat in the southwestern areas. The Oklahoma weekly report stated that showers during the past two weeks have improved late feed prospects and pastures in many parts of the state but a general rain is needed in the principal wheat producing counties in the Western half. There are also some dry areas in many eastern counties. In Kansas average precipitation during August was 1 1/2 inches less than normal. For the state as a whole it was the driest August since 1936, and August precipitation was less than half the amount that fell a year ago.

The primary run of wheat amounted to a little over 1 1/2 million bu, which was slightly larger than last week, and compared with nearly 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 215,000 bu. When the visible supply is posted on Monday it will compare with an increase last season of 3 1/4 million bu.

Markets on the whole were not too active. The spot corn price was lower, and some trades were made at the September level. This, in itself, might have been bearish, but we believe there was a fair amount of short covering prior to the government report. Flour costs were somewhat higher, but business was light. There was nothing much in wheat, and it seems that the hope for a settlement at Buffalo on the mill strike is further delayed. We do not yet have figures on the amount of grain placed under support to August 15th, but understand that a report will be issued on September 12th. Beans were rather indifferent except that there was a higher market for September in which month there was short covering. We doubt whether the bean report will show much under 400 million bu when the report is published. At Minneapolis there was some buying by mills, particularly in the December future.

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CHICAGO, 4 September 12, 1955

The government report which was issued after the close on Friday, indicating a probable corn crop of 3,113,000,000 bu, was a reduction from the August figure of slightly more than had been anticipated, but confirmed the heavy toll taken by the persistent hot and dry weather in the western corn belt and the Central Plains areas. The soybean crop, estimated at 386 million bu, was also a little larger reduction than had been looked for in some quarters, although it is still the largest crop ever raised of that grain. One comment from Washington stated that the August drought may cause some easing of pressure on farm prices. It is a rather sad commentary that in the last two decades we have had to look to droughts or wars to somewhat correct the large production turned out by agriculture in this country. The State of Iowa suffered the largest decline in prospect of about 140 million bu of corn, Nebraska 84 million, Missouri 30 million and Illinois 38 million bu, leaving a crop in this State of approximately 500 million bu. Despite the reduced prospects, we may again add to our carryover on October 1, 1956, due to the heavy production of all feed grains. The carryover on October 1st, 1954 amounted to 918 million bu; the last crop produced only 2,964 million bu, but it is estimated that the probable carryover on October 1st this year will be 1,050 million bu.

While corn and beans suffered a reduction of about 10% from the previous month's figure, according to the Agricultural Department, this year's total farm production has only been reduced by 2%, and if prospects are maintained, it will be the second largest crop outturn since the record crop of 1948, and will surpass 1954 by about 4%.

Stocks of grain in the key exporting countries on July 1st hit a high of 116 million tons. This was an increase of 2 1/2 million tons above the previous record a year earlier, and is due to a substantial boost in stocks in the United States, according to the Department of Agriculture.

The outlook for the 1955 wheat crop in Western Europe, including Yugoslavia, varies considerably with present indications showing little change in the total from last year, according to the Foreign Agricultural Service. Best conditions are reported for Italy, France, Western Germany, and Yugoslavia, while reductions are reported for Spain, Portugal, the United Kingdom, and Scandinavia. From preliminary information it appears that the Soviet Union will have a larger wheat harvest this season.

Winnipeg reported this morning that there were extensive frosts in western Canada, which would probably damage some of the late sown crops. However, near-record supplies of 982 million bu of wheat are in prospect for that country for 1955-56 based on the August 30th crop forecast and the August 1st carryover.

Primary receipts of wheat today totaled 1,854,000 bu vs 4,427,000 bu last year; there is no comparison with last week as it was a holiday. When the visible supply of wheat was posted it showed a decrease of 410,000 bu, making the total 418,434,000 bu, or approximately 15 million bu more than a year ago. Stocks of wheat in this market showed an increase of 110,000 bu, bringing the total to 17,368,000 bu. Corn, oats, and rye stocks had minor decreases, while the bean stock here decreased 350,000 bu, leaving a balance of only 340,000 bu.

A sizeable quantity of flour was sold over the weekend to the Netherlands for early October shipment out of the Gulf. However, according to The Southwestern Miller, only a trifling amount of domestic flour was sold over the weekend, and new bookings are of limited amounts. Comparatively few bakers are replacing early usage, and hesitancy along this line has increased on recent stiffening in costs.

As a whole our markets were rather quiet, and indifferent during most of the session, and trade was greatly limited to locals. However, wheat did have a better undertone, although investment buying seems to be rather slow at the moment. We understand that the elevators in Chicago settled their differences with the workers, although apparently the difficulties at Buffalo have not as yet been solved.

Chicago corn-hog ratio stands at 12.6 vs 12.4 a week ago, and 12.0 a year ago.

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CHICAGO, 4 Sept 13, 1955.

The business upturn which began about a year ago is carrying on at a strong pace, and this country is enjoying a good era of prosperity. So far inflationary and deflationary forces remain in fair balance. Competitive pressure and surplus farm products, plus increased productivity, have combined to restrain general price increases. However, there are two situations that are being closely followed, and which concern those interested inthe sound development of business. One had been the sharp rise in debt and the lowering of credit standards in some quarters, such as the liberal terms being offered on home mortgages, and the increasingly liberal terms on installment credit sales. Total net debt in this count ry, private and public, has increased by about $200 billion since the end of World War II, with the trend continuing upward. Total net debt is now equivalent to $14, 696 per family as compared with $6, 830 per family in 1929. Private debt has increased from 77% to over 114% of national income since 1945. The second situation is the farm problem and its political connotations. The farmer today is mired deeply in surplus supplies and there has been a continuous decline of farm operators' income in the past four years. Despite restrictions on acreages, the advance of technology and more intensive use of capital have raised yields per acre, thus fully offsetting governmental production controls of various kinds. The basis of farm difficulties derives from the maintenance of unrealistic price support programs far beyond the period when world conditions warranted same, and despite the severe drought and dry weather which affected many areas of the country this year, total farm production is expected to exceed that of a year ago.

Secretary of Agriculture Benson, in his speech at Rome, Italy, before the International Federation of Agricultural Producers, stated that current U. S. surplus stocks existed partly because we have refused to dump them on world markets, and that we have in effect supported world prices on some commodities through this policy. In his several talks in Europe, he has given repeated assurance that there will be no undermining of world markets, which would prove injurious to the U. S. as well as to other countries.

A well known Canadian economist points out that a market must be found for their surplus grains at a price which importing countries are prepared to pay, and it is only by finding such markets that present stocks can be kept moving in sufficient volume to permit delivery of grain, thus providing an immediate cash return to the farmer. Our neighbors to the north seem to be somewhat concerned about our program, and point out that the past week-end a million bu rye was sold by CCC for Duluth at a price supposed to be 73¢ per bu, which would compare with the current price for the corresponding grade of Canadian rye of 90¢ at Fort William. There was also a sale on part of CCC of 2 million bu light-weight spring wheat at $1. 17 FOB Duluth, which would compare with a price for Canadian #6 wheat of $1. 41 at the lakehead.

Yesterday afternoon, the government released figures on grains put under support prices up to August 15th. They included only 47, 387, 000 bu wheat, which compared with 127, 155, 000 bu the year previous. Total impoundings last year were 431 million bu, and it does not appear as though we will anywhere near approach this figure. Of course, the crop is somewhat reduced from a year ago. With a crop of 916 million bu, domestic consumption of 610 million bu, this would leave a surplus of 300 million bu, and unless impoundings are stepped up considerably there will be more free wheat available than we have had the past several seasons.

Primary receipts of wheat today totaled 1, 412, 000 bu compared with 4, 362, 000 bu last week, and 2, 610, 000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 53, 000 bu.

There was very little in the overnight grain news to affect markets. The five-day weather forecast suggests very little moisture and above normal temperatures in most of the grain belt. Some seeding in the Southwest is being dusted in, but in many dry spots farmers are waiting for further moisture. Flour business continues dull, and the market is receiving no incentive from that source.

Some new beans are being offered, mostly for prompt shipment. Corn offerings are extremely light. Over the weekend the President announced that there would be no request made for a continuation of import quotas on oats and barley. The current quota has not been nearly filled, and at the present price ratio between Canada and this country there seems to be no need for restricted legilation.

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CHICAGO, 4 Sept 14, 1955

According to a recent release of the USDA, farmers received about $16 3/4 billion from marketings in the first eight months of 1955, which would be a decline of 4% from the corresponding period last year. While the total volume of farm marketings is estimated at 1% larger than a year earlier, prices averaged almost 5% lower, with most of the decline due to lower prices received for hogs. Total cash receipts from livestock and livestock products showed a decline of about 6%. Each year the same agency compiles estimates of total assets and liabilities of agriculture as of January 1st. This inventory showed an increase in assets of $2.2 billion during 1954. The major categories registering gains comprise real estate, crops owned by farmers, including those held as security for CCC loans, household furnishings, and equipment. Real estate showed a substantial increase due primarily to 2% increase in land values. Liquid funds of farmers on January 1, 1955 amounted to $19 billion, or the same as a year earlier, and was the first year that farmers did not increase their liquid financial assets since 1949. The balance sheet of agriculture does not necessarily provide conclusive evidence that the financial condition of farmers has improved or deteriorated significantly during last year. However, the continued slide in farm income is placing additional financial pressure on some farmers. While currently the repayment of farm loans is slowing up, there do not seem to be any serious complications as debts are only 11% of total farm assets compared with nearly 20% in the prewar year of 1940.

The weather forecast points to some showers in the extreme eastern part of Iowa, scattered thundershowers in parts of Nebraska and parts of Missouri. However, there is no moisture of consequence indicated for the major winter wheat areas. The lack of moisture is causing some concern to the Kansas wheat producer, as he enters into the wheat-seeding season. According to one report, surface soil in most instances is too dry to germinate the wheat seed, and while this hazard may be taken care of in future rainfall, the lack of subsoil moisture over most of the state may have an effect on the 1956 crop. As conditions exist today, greater than normal amount of moisture must be had this fall and winter to assure a normal wheat crop next year. However, there does seem to be an increase in the planned seeding of more strong gluten wheat varieties in that state, as the announcement on part of the Department of Agriculture in regard to the discount on weak varieties is causing the farmer to be more variety conscious.

The Illinois weekly crop bulletin states that weather conditions last week were nearly ideal for the maturing of corn and soybeans, but corn and beans in the southeastern part of the state continue to be affected adversely by lack of rain. Harvesting of beans is well under way in parts of southern Illinois, while scattered fields are being combined north of mid-state. Corn appears to be maturing rather uniformly over the state; lack of moisture is retarding fall plowing for wheat.The Iowa weekly crop bulletin also points out that lack of moisture is delaying fall plowing. By September 12th, well over three-fourths of the corn crop in that state had advanced to the well-dented and hard stage. While the commercial corn areas have suffered from drought andhot weather in August, conversely more of the crop is safe from frost damage than is usually true at this period of the year.

Broomhall comments that European harvest is finished over most of the continent. Yields of wheat and other grains are about as expected with no material revision in any country. The U.K. has had beneficial rains for seeding operations. It is contemplated that the next official wheat estimate for France will show a crop of 400 million bu vs. 370 million bu predicted early this year. Yields in Italy have been high in a number of districts, and that country probably will raise its official estimate.

There were fairly heavy bookings of family flour, which was evidenced in all pits yesterday and in the early part of today's session. These bookings are in preparation of an advance in price of about 25¢ per CWT. However, bakery sales remain small.

Primary receipts of wheat today totaled 1,449,000 bu vs. 1,533,000 bu last week, and 1,804,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 210,000 bu.

The noon weather forecast indicates widely scattered thundershowers today and tomorrow in the western portions of Kansas and the Panhandle of Oklahoma.

Country selling of corn is very light. Offerings of beans are a little better for early shipment, but actual quantity is still rather small.

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CHICAGO, 4

September 15, 1955

The writer, while attending the Annual Convention of the Grain and Feed Dealers National Association earlier in the week, had the privilege of listening to an address by Earl J. Butz, Assistant Secretary of Agriculture. Dr. Butz pointed out in no uncertain terms that the biggest threat we have today to our private marketing system is government itself. During the last couple of decades there has been an increasing tendency for private enterprise to lean more and more on government and vast segments of our economy have come to depend upon government to bail them out when they get into trouble. As a result the role of government in business and agriculture has increased tremendously, and as a nation we have gotten ourselves into our current, almost unbelievable, surplus situation, primarily because many of our people believed, or at least hoped an Act of Congress could brush aside demand and supply relationships. He said that there is still a growing tendency for both producer and distributor organizations to concentrate their energy on convincing the government that price support activity should take this or that direction -- that government-owned stocks should be managed thus and so, and the like. Somtimes it appears that both producers and distributors place so much importance on these activities that they neglect the all-important job of "selling their product to people".

The Secretary warned that it is now within the power of government, either wittingly or unwittingly, to place economic pressure on whole groups of producers and distributors, and that the free marketing system will be in danger if government price manipulation continues to grow. He pointed out that the present administration has repeatedly demonstrated its determination not to bypass the private marketing system, but that we need to return more decision-making in agriculture to the individual producer or distributor, and that if those who own and manage our private marketing system fail to show their responsibility to make it function properly, then government will inevitably and progressively move in on them.

It is certainly encouraging to hear assurance from a government official that the administration is a firm believer in our system of free and private industry. As far as the grain trade is concerned, it has not been a matter of their choice that the unrealistic high loans for many years have caused the accumulation of burdensome supplies and the consequent ownership and management of these supplies by government. We are sure that the grain trade is more than willing to assume their responsibilities under a system of free enterprise and do their part in assuring its continuance.

There was a rather friendly feeling toward markets at the opening as it was reported that the flour mills in Buffalo had settled their Union negotiations and were resuming operations. The elevators in that city are still on strike, as we understand they were unable to reach a settlement at a meeting held this morning.

Secretary Benson, upon arriving back in this country from Europe, remarked that he will recommend something very specific to Congress in order to bolster sagging farm prices, and this news also helped to bring about higher prices when our market opened.

It was thought yesterday that rains would develop in western Kansas or Oklahoma but apparently these did not occur. The only moisture reported was some scattered showers in central Illinois.

In export circles it was reported that Italy has been permitted to switch their wheat allocation to 1,900,000 bu corn, and according to The Southwestern Miller, export flour demand is poor. The same source reports that new domestic bookings of flour are extremely slack; family trade is now heavily booked quite generally and little new business can be expected from that source for some time. Bakers are in much the same position, with coverage for about 120 days ahead on hard winters and springs, and about the same degree on soft flours.

Primary receipts of wheat were 1,675,000 bu vs 1,277,000 bu last week and 1,924,000 bu last year. Corn receipts were 969,000 bu vs 747,000 bu a year ago. So far this week wheat stocks at Kansas City and Minneapolis show a total decrease of 198,000 bu.

Markets were all firm early, but best prices did not hold. September corn gained on the more deferred futures, and spot corn here traded at 3 1/4¢ over -- about 1¢ higher basis than yesterday.

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CHICAGO, 4 Sept 16, 1955.

With a political year approaching, more and more articles are appearing with reference to the farm program, and undoubtedly more and more pressure will be brought to bear uponthe Secretary of Agriculture to "do something." Apparently there are still a certain number of "die-hards" on the theory of 90% of parity, but as this is the basis of all our present troubles it does not seem possible that such a program would again be enforced. Secretary Benson inherited an untenable situation due to the policies of the past administrations. He has been doing everything in his power to alleviate the situation under the present laws as they exist. One Congress after the other failed to take a realistic attitude early enough on high loans. A change in parity was made in 1950 but the enforcement of same was delayed until 1956. The Secretary has made every effort possible to sell or give away agricultural products to foreign countries, and from July 1, 1954 to June 30, 1955 barter sales amounted to $282 million, of which wheat accounted for 78% of the total. The products were sold in 29 countries. As to what the cost has been it is impossible to estimate, since we took various materials in return, some of which are strategic, and others non-strategic.

Although the present administration is dedicated to the return of business to private sources and the elimination of government influence, nevertheless, as far as the grain trade is concerned, the government is the dominant factor, with its tremendous inventory of all grains. As long as these inventories persist, we do not see how the grain trade in any of its ramifications can operate in a normal fashion. This refers to both the cash and futures markets. Smaller merchandisers, who always performed an important function, are finding great difficulties to operate in competition with merchandising on part of the government. The futures market, which has always played such an important part in the economical handling of grain products for the farmer, has taken the risk away from the farmer and placed it in the hands of those willing to take such risks. Export sales today find very little expression in the futures market, and heavy impoundings prevent the normal merchandising of farmers' products.

Weather still remains extremely dry through the major portion of the grain-producing area. The five-day forecast did not give much encouragement for moisture, except east of the Mississippi, and temperatures are indicated considerably above normal. There is increased uneasiness developing over this prolonged dryness in the hard winter wheat region, which is forcing delayed preparation of soil for fall wheat planting and a reluctance on part of the producer to sell his grains until this unfavorable soil condition has been alleviated. It is naturally too early to be much of a market factor, but it does mean that we will have tohave timely rains and probably more than a normal amount of moisture during the winter and spring if best results are to be obtained.

Professor T. A. Hieronymus, of the University of Illinois, a well-known economist, points out that the price of soybeans depends on the combined value of oil and meal made from each bushel of beans. He says that production of edible fats in this country is larger than domestic requirements; domestic use is rather inelastic, with consumption changing very little in response to changes in price. The food use of all fats and oils has remained stable at about 43 lbs per capita for the past twenty years. Therefore, export business will be a dominant factor. However, he feels that soybeans are not in fundamental surplus, and that oil and meal markets combined should be large enough to absorb our present crop prospects, as there is a basic need for more meal.

Primary receipts of wheat today totaled 1,454,000 bu vs 1,576,000 bu last week, and 1,959,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 99,000 bu. When the visible supply figures of wheat are posted on Monday they will compare with an increase lastyear of 2,869,000

Wheat displayed a firm tone throughout most of the session. There is no particular news at the moment, except continuation of dry weather. According toThe Southwestern Miller extreme quiet prevailed inthe flour trade, bookings are of unimportant quantities, and surprisingly few bakers display inclination to replace earlier usage or to add to contracts. Offerings of new corn from the country still remain rather sparse, although the spot market here declined slightly to a premium of 2 1/2% over. Beans are offered a little more liberally, but in no way should the movement as yet be construed large; however, harvesting should now increase.

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CHICAGO, 4 September 19, 1955

Agriculture and its various problems are very much in the limelight at the moment, particularly with both political parties preparing for the next elections. At the present time CCC has approximately $8 1/2 billion invested in commodity loans and stocks. The statutory borrowing authority of our government corporation was increased $2 billion to a total of $12 billion, just before Congress adjourned. This is the ninth increase since 1938 when the borrowing authority of CCC totaled $1/2 billion. Thus it is quite obvious that in spite of the accumulations there is much doubt as to whether the present program is effective, and in recent months it has been shown that the squeeze has been intensified with agricultural prices generally declining, while prosperity reigned and the cost of most other goods has advanced. Our government now owns nearly 1 billion bu wheat, and nearly the same amount of corn, more than 6.3 billion bales of cotton, 161 million lbs butter, 278 million lbs of cheese, 11 million hundred-weight rice and a host of other commodities. Furthermore, it will surely acquire further substantial stocks from this year's production. The government thus has a tremendous problem on it hands: namely, the task of managing the disposal of these stocks without destroying existing markets and marketing machinery, while at the same time it is trying to achieve needed production adjustments without seriously impairing farm income.

The last government report disclosed that the August heat and drought had brought considerable damage to crops, especially to corn. The reduction of about 10% during the month placed the yield only 5% above the 1954 output. Soybean production is now estimated at nearly 388 million bu, and it, too, suffered losses although it will be the largest yield on record even if a further toll to the crop occurs. We doubt whether the advances of last week were attributable to these changes, particularly in wheat, which is about all harvested in this country, as well as in Canada. Further, the amount which has been placed under the loan is very disappointing in contrast to the much larger quantity that was impounded a year ago when the crop was somewhat larger. This morning we had a somewhat lower opening and rains had been reported over many parts of the Southwest, skipping in large measure the North Plains of the Texas Panhandle but benefiting greatly the South Plains, where the sorghum crop could still be helped, barring an early frost. Western Kansas was benefited and rains also occurred in the Salina-Hutchinson areas, which should be beneficial for the germination of winter wheat. Chances are that more rain will occur in the Southwest and in the corn belt area, where soil moisture likewise is deficient. The processor soybean bids were down this morning 3¢ from Friday to a price of $2.09 TCS Illinois. Purchases had been fairly substantial on Saturday, but somewhat smaller thereafter. In any case the bean market opened quite weak, and there were early minor declines in other pits.

The 30-day weather outlook calls for precipitation that will extend over the northern tier of states and also in the Southeast; elsewhere they say small amounts will fall.

When the visible supply of wheat was posted there was an increase of 3 1/2 million bu, to a total of nearly 422 million bu, which is 15 1/4 million more than last year. Corn stocks increased 669,000 bu, now totaling 20 1/4 million bu, or roughly 4.8 million bu larger than a year ago. The oat visible showed a decrease of 328,000 bu. Rye stocks are practically unchanged during the week, while beans increased 742,000 bu. In spite of this there are only about 2 million bu of beans in various positions. Chicago wheat stocks showed a small increase, while the local corn stocks decreased a little, and the oat stocks went down 345,000 bu, leaving 10 million bu. here in Chicago. There were rather insignificant changes in Chicago stocks of rye and beans.

Markets were not too active, but there seemed to be a better sentiment in corn shortly after the opening. Locals who bought were apparently of the opinion that if the government wanted to do something to help the farmer, and if pressure were placed upon Mr. Benson that possibly government selling might be relaxed with an election coming next year. However, there was not much grain news. In wheat there was very little commercial demand, and mills did only a trifling amount of flour business over the weekend. In spite of larger shipments from Australia than a year ago, the balance remaining for export and carryover is almost the same as it was then. Indications are that the crop this fall will be well above the amount raised last year. Soybeans were weak early but closed strong. Carlots at Decatur were heavy today, with over 600 cars there, and the movement has started somewhat earlier than usual.

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CHICAGO, 4 September 20, 1955

There is little doubt that many critical attacks will be hurled against administration policies on agriculture as we draw closer to the election. In fact, there has already been a start in trying to embarrass Mr. Benson and the programs for which he has stood. One thing stands clear in our mind: namely, that Secretary Benson would have advocated and pursued the same policies whether he had been working with a Republican or Democratic administration. That is to say, he is completely sincere in his efforts to help agriculture. On many occasions he stated that the commodity problems with which he was dealing were inherited problems, yet it was not his purpose to assess blame but rather to conquer the problems that stood before him. He maintained steadfastly that the price-making function belonged insofar as possible in the marketplace, and not with the government, where experience had shown that it dried up markets, encouraged competing products, froze production patterns of land, capital and labor, and finally destroyed initiative. He has had the courage at least to attempt to re-introduce economic sanity into agricultural policies.

One thing it seems to us, must be decided at the start. When we talk of farm income are we discussing the approximate 60% of farmers who produce nearly 90% of the total agricultural output, or are we speaking of the nearly 40% who produce the approximate 10% of output or is it all being lumped together? This naturally is important as a proper answer obviously results from whichever of these approaches are taken. Mr. Benson is not against price supports except for their rigidity, and he has long been asking for a more flexible system for the maintenance of individual incomes of farmers in order to prevent the heavier accumulations, which finally would be to the detriment of all agriculturalists. Whenever in history politicians have supported a policy of maintaining price levels at some predetermined level, it ended in disaster. Some provision must obviously be made to facilitate the marketing of farm products, and this cannot be done through artificial levels which are too high, and which prevent normal and commercial transactions.

Before our market opened this morning the weather map showed a very favorable condition, and showers are looked for pretty generally throughout southwestern areas, as well as the corn belt, and the Northwest. Rain coming to the dry areas of Oklahoma and Kansas should be beneficial for fall work and for proper germination of winter wheat. Meanwhile there has been some overnight rain in southern Illinois and in parts of Missouri. Our market opened somewhat higher for corn and beans; the Secretary has instructed his Department to take immediate steps to strengthen hog prices. Present corn-hog ratios at Chicago are 12.6, which is slightly better than a year ago, but it has been felt for some time that the general level of hogs was too low, and attempts will be made, as was the case with respect to cattle to improve the situation, although there is no inkling yet as to just what steps will be undertaken.

Word comes from the German Minister of Agriculture that the wheat and spelt crops are some 13 million bu greater than last season, but this is offset by a reduction of 17 million bu for the rye crop. However, yields of barley and oats are somewhat improved as compared with 1954.

Primary receipts of wheat were 1,412,000 bu, identical with last week and this compares with a little over 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 46,000 bu.

Trade was not heavy, although there was considerable buying in beans, and reports from down-state told of rather good processor demand. In this commodity, with not a burdensome carryover, the first run is generally pretty well absorbed by the industries, and apparently this is taking place. The result is that there is not much hedging pressure, and today saw both short covering and probably some investment buying. Early corn was somewhat higher, with rather heavy short covering. There is still talk that the crop may not be as large as was indicated by the September government figures. Wheat, which was firm in the early trade, finally declined and it is still extremely quiet in flour circles, particularly on bakery grades. It seems rather difficult to see much of a trend to the market. We have pointed out that while total impoundings have been small, they have been relatively larger in the soft winter wheat belt than elsewhere.

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CHICAGO, 4 September 21, 1955

We talked late yesterday with one of our friends in the Northwest who told us that the wheat situation in Canada was becoming very serious, owing to the fact that a large crop was raised on a somewhat smaller acreage, and that because of inadequate demand from abroad this might mean the resumption of surpluses building up in that country. Here at home we are well aware of a similar situation that has been taking place for the last four years. During World War II and again during the Korean War foreign market demands were heavy. After that the foreign market gradually shrunk. In one year our exports of farm products dropped 30%. In an effort to cope with the situation production adjustments became necessary, at least, this was the view taken by our Agriculture Department. Wheat producers imposed marketing quotas on themselves, and they reduced acreage 30% in two years. Cotton growers made a major adjustment in their acreage also -- a reduction of 32%. Rice growers cut acreage 18%, tobacco growers are continuing to produce but under marketing quotas. In spite of these developments farm income from wheat dropped 16% between 1952 and 1954. Cotton income fell 12%, rice 11%. On top of it all surpluses continue to pile up. While the present wheat crop is smaller than the yields in recent years, owing to reduced plantings and adverse weather Southwest, we may again add to our carryover reserve. Thus we face the immediate problem of disposing of this vast surplus stock that has been built up in recent years. For example, in 1952 our wheat carryover was about 255 million bu, and it has increased successively each year until July 1st of this year it amounted to about 1,020 million bu; consequently it has gone up fourfold.

Secretary Benson points out that vast surplus stocks should not be permitted to hang over the market, depressing prices and costing a million dollars a day for storage alone. Of course, the great problem is: How shall we get out of this dilemma? Sales are being made in domestic and foreign trade channels. However, when government stocks of corn are sold domestically it tends to depress prices. Some stocks are being transferred to other governmental agencies for emergency uses, such as feed for drought areas, but that in turn lessens the demand from the normal commercial supply. We are also furnishing food for the Armed Forces and for foreign relief feeding. Substantial quantities have been devoted to school lunch programs, and through approved welfare organizations to needy people in the U. S. and abroad. There are also efforts being made to increase domestic consumption, as well as to expand our exports. Both the President and his Secretary have given repeated assurance that there will be no undermining of world markets, -- that, they claim, would only injure the U. S. as well as other countries.

Before our market opened this morning there were some nice rains reported in northwestern Kansas, but lighter to the south embracing the southwestern part of that State. There were also rains in Nebraska and Iowa, and a good rain at Amarillo, Texas, with more than 1 inch falling at that point. Rather heavy rainfall also occurred over portions of our Northwest. The map is still unsettled. The Illinois weekly crop bulletin speaks of soybeans harvest going along at a brisk pace, and combining is under way in all areas. Statewide, 25% of the crop has been harvested, or about the same as last year, with quality generally good. Corn is fast reaching maturity under near perfect conditions, with 90% of the crop reported mature. In Iowa 95% of the State's corn crop was reported well dented and hard by September 19th. The degree of maturity is quite uniform throughout the State. While progress of crops is eight to ten days ahead of average, yields and quality have been reduced sharply from earlier expectations because of extended hot, dry weather.

Primary receipts of wheat today totaled 983,000 bu vs 1,449,000 bu last week, and 1,824,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 57,000 bu.

Flour demand shows no pick-up, and there was very little in the way of news affecting wheat today. What strength was shown at times was derived from Minneapolis where September was tight, and there was short covering in December and May. While corn showed a little gimp at times, advances did not hold. Beans were in better demand, processors seem to be anxious to obtain the first run of beans, and are keeping the cash market quite firm.

Today was the last trading session in September contracts, which expired without any undue excitement.

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CHICAGO, 4 September 22, 1955

Before many weeks the battle over farm price supports will be in full swing. This is not to say that there have not been criticisms already hurled against the administration, with some political accusations making the headlines. It seems too bad that a subject which is so vital to the country cannot be handled by a study group completely free of politics. Certainly the majority of farmers would favor such a proposition. Nevertheless, agricultural policies have been very controversial as ever since the Farm Board started in 1929, and even before that time it had been a "political football." Definitely there is no sense in believing that most farmers want to grow their products for government warehouses. Agriculture deserves honest, solid, economic treatment, andas has been pointed out frequently by fair-minded observers, such treatment should not be based on voting strength, nor should it be the big-hearted, open-handed policy that piles up mountains of crops, which finally ends in a dismal collapse.

Most of the present trouble stems from the fact that the annual rate of net farm income during the first half of this year was about 23% below 1951, whereas total national income was about 14% higher. Such contrast, of course, makes it possible to be very critical, irrespective of how results were obtained. On the other hand, it should be borne in mind that the latest farm commodity price index was still 125% higher than it was in 1940, whereas the industrial price index was only about 100% higher. Actually the farmer is not suffering from a severely depressed income. His standard of living is quite noticeably higher than it was before the war. It is a fact, however, that it is not very pleasant to see income of one group slide downward at the same time everybody else's income is rising. Farmers at the present time have fewer votes because they make up less and less of the nation's population. In 1940, about 20% of the voting-age people lived on farms, while now only 12% do so. Through modern technology we might point out that, while fifteen years ago the farm population constituted 23% of the total national population, today it has declined to only about 14% of the total. In 1940, about 17% of the total civilian labor force in the country worked on the farm, but this population has now declined to about 10%. In other words, machinery and various techniques are making it possible to raise these bountiful crops with less and less labor. It seems too bad that an unbiased, non-political board of top economists could not toil over these problems and very possibly uncover the cold, hard facts, thus offering a program that would assure permanent equity and prosperity for the greatest food-producing empire in the history of mankind.

Before our market opened this morning there had been reports of some fine rains in the Southwest, ranging to over 2 inches in some portions of Kansas, but the rainfall also extended to the corn belt and to our Northwest. There was as much as 5 1/2 inches snow at Calgary, but no indications yet whether this may cause any damage. The forecast is for more rain in the form of scattered showers and thunderstorms tonight and Friday Southwest, with a generally unsettled map, so that further rains will probably occur also in the corn belt. This naturally is beneficial for the winter wheat, some planting having already taken place on dry soils, but the important thing is germination and that the plant gets off to a proper start in fall.

Processors were paying 9 under for beans early, and appeared to be quite aggressive with country selling light. That market opened as much as 3¢ per bu higher, while the rest of the list was indifferent. Strength in soybean meal was also a factor.

CCC sold 3 million bu milo at prices ranging from $1.70 to $1.73. We also heard that the same agency had sold 200,000 bu Kaffir corn at prices somewhat lower.

Markets started out with great strength in soybean meal, which was immediately reflected in beans, and led to heavy short covering, and the strength was reflected in all other grains. There seems to be a better demand from abroad for feed grains than in some time. A statement by Senator Milton R. Young, of North Dakota, in which he warned his Republican collegues that "We are going to have to restore 90% of parity farm supports, which is a political and economic necessity," also had its influence in the market.

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CHICAGO, 4 September 23, 1955

There is a good deal of comment that final yields of corn and beans may be still lower than the September official figures. This may have been largely responsible for some of the recent advance. It should, however, be borne in mind that supplies of each of the four feed grains, (including production and carryover) will be the highest on record, according to the early September estimates. The total supply is expected to be 169 million tons, or one-tenth above last year's high. Production is set at 129 million tons, up 7 million from last year, but short of the 1948 peak of 135 million tons. As an offset stocks on October 1st are expected to reach a record total of 40 million tons, about 30 million of which will be under price support. The above is all possible in spite of the deterioration to crops during August caused by drought and heat, which sharply reduced yields of corn, soybeans, and grain sorghums. We also had storms and floods which caused smaller losses to tobacco, vegetables, and other crops in eastern areas, but even so, the crop output this year is likely to total the second largest of record. Prices of farm products so far this year have averaged about 4% below the first eight months of 1954. The Department of Agriculture, in a release this morning, stated that while seasonal price declines may occur for some commodities, it appears that much of the general price adjustment this season has taken place.

Before our market opened this morning the weather map was construed as being favorable, although rains in the corn and bean belts naturally will cause some delay, and this is particularly true of the bean harvest. The result was that overnight offerings were very light and undoubtedly this gave further impetus to the upward trend of the market. There seemed to be little or no country selling, and best bids are about 8 1/2 under TCS Illinois. It was also found that the country was not selling any new corn, although a little old corn seemed to be coming out. On the whole the rains in the Southwest with more likely, according to the five-day forecast, could only be construed as favorable for the next winter wheat crop.

In the meantime, we find that Canadian wheat exports, including flour since August 1st, are about 29.4 million bu compared with 33.4 million bu last season. One authority estimates that this leaves Canada with 792 million bu for export and carryover compared with 688 million bu a year ago. Canadian Trade Minister, C. D. Howe, and Agriculture Minister, James G. Gardiner, have uttered their first official complaint during the recent session of Parliament, indicating that the U. S. disposal sales were hurting Canada's normal overseas markets. Canadian officials are particularly concerned with lagging wheat sales, and total shipments last season were about 252 million bu, which was a reduction from the year before and compared with 385 million bu the previous year. Part of the trouble was attributed to small production and a low-grade crop, but certainly some of it may have been caused by American local currency sales.

Our wheat and flour shipments during the week were a little over 4 million bu, bringing the total to 61 million bu since July 1st compared with 44 million a year ago. Thus we are doing somewhat better. The French official crop estimate placed the wheat yield at 384 million bu, which was only a slight reduction from last season. However, the quality of grain is better and besides there will be close to 37 million bu old wheat in the carryover, so that France may have nearly 100 million bu for export during the 1955-56 season.

Primary receipts of wheat amounted to 1,432,000 bu; this was practically the same as last week and last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 48,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase last season of 813,000 bu.

There again was a good deal of short covering in beans. For a while the market was confused; however, best prices did not hold, and the advance over the low of last Monday amounted to about 20¢ per bu, which naturally caused greater conservatism on part of the trade. The late weather forecast was for more settled conditions, and if this is the case combining of beans probably will get under way soon, particularly if there are drying winds. Wheat was a little reactionary after the recent sharp rise. Only a small amount of flour business was put through due to higher costs, but buyers appeared to be happier as the result of the advance in price, particularly as flour prices are about back to the levels at which the large early July business had been done. Generally speaking the trade is heavily booked for months ahead, and there is no inclination at the moment to add to contracts.

This is particularly true with respect to hard winters, according to The Southwestern Miller. Corn was very strong on short covery by a local house. We heard that CCC had sold about 2 million bu of oats in the Northwest.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept 26, 1955.

Late Saturday, the nation heard the distressing news that our President had suffered a moderate heart attack. While the doctors are optimistic about his recovery and feel that he will be able to lead a long and useful life despite this malady, it is almost a foregone conclusion that he will not run again in 1956. This is true if for no other reason than that campaigns take so much out of a person, and Mr. Eisenhower on many occasions has stated that his final decision would be determined by world conditions and his own health. This naturally brings to mind what is apt to happen for the remainder of his term, not to speak of political possibilites thereafter. The President has always given free rein to Mr. Benson in the handling of farm plans and programs. This has been true despite many accusations that lowering of the loans on basic commodities has been directly responsible for sliding agricultural prices. Nobody, of course, knows at this time whether w eshall go back to a 90% of parity basis for these loans, but everyone was left to his own imagination in the market this morning, so that after some hesitancy we had a tremendous buying power in the various pits. The break in the stock market was not unexpected and some correction might have occurrred, if for no other reason than technical considerations. However, this administration has taken a f riendly attitude toward business and there is now some fear of uncertainty, which is never regarded as constructive insofar as business is concerned.

In addition to the news just cited, there were reports of further deterioration to the soybean crop, and the American Soybean Association believes that the Department of Agriculture will pare its national yield when the next estimate is made on October 10th. One elevatorman guesses that the cut will be about 9 million bu. There is a service in Springfield, Illinois, called the Central States Grain and Stock Analysis, which is not familiar to us, but they were much more pessimistic and thought that a crop of 325 to 350 million bu was more likely, which would compare with the government's September estimate of 387.5 million bu. Thus there was very heavy buying at one time with bean prices reaching the full permissible 10¢ limit, and in turn other commodities on the Exchange Floor were sympathetically affected.

Soybean exports from October 1st last year to September 17th were given at 57.6 million bu vs 38.6 million a year ago. Moderate farm selling of beans was reported over the weekend but hardly any corn seems to be moving.

Rains over the weekend were probably the best and the heaviest we have had in months. This was responsible for a little early selling in wheat as they are bound to put the winter wheat in much better shape. There was as much as 3 1/2 inches moisture at Norton, Kansas, which is in the western section of the state, and there was more than 2 inches at Wichita, with excellent precipitation extending into Oklahoma and Texas, with about 2 inches at Amarillo. Not much moisture occurred in the corn belt but some showers are likely. In any case the rains had very little influence except at the beginning, and when everything else became so strong wheat had a very sharp rally, although best prices were not maintained. The six-week elevator strike at Buffalo is settled and this should improve the demand for hard wheat in Chicago unless supplies can be had cheaper in the East.

When the visible supply of wheat was posted today there was an increase of 91,000 bu. with total stocks in all position 422 million bu, which is still 14 1/2 million bu greater than last year. The corn visible increased 800,000 bu, to a total of 21 million bu. There was a decrease of 431,000 bu in the oat visible. Present stocks of 36 3/4 million bu are larger than last season. Beans increased 1 1/4 million bu to 3.2 million bu, which is a little more than we had a year ago. Here in Chicago there were no important changes, except for beans where there was an increase of 295,000 bu. Even with this increase there are only 691,000 bu held here. However 183 cars arrived here today.

Markets were extremely active, and while wheat was up sharply at one time it reacted just as quickly, with the close little changed, except that the deferred months gained on the nearby. Corn likewise did not hold its full gain, and reactions were sharp, although it was noted that country offerings did not improve much on the advance. The Baldwin Elevator report noted that in the southern half of Illinois 60% of the bean crop has been harvested, and about 25% in the northern half. They also point out that there is a wide range in yields, but they made no comparison with the last government report. The early gains were rapid, but at the close about a third of the advance was lost.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 27, 1955

The break in the stock market yesterday brought about by the President's illness precipitated the sharpest losses in more than a quarter of a century. The repercussions were felt in all capitals of the world, and we were told that there were also sharp declines in London, Brussels, and Paris. This all came about despite prospects for a complete recovery for Mr. Eisenhower, Doctors claiming that his chances were reasonably good. Nevertheless, our President is a symbol for free-thinking people everywhere in the world, and his temporary removal from office had shaken confidence, as he is one man who apparently had brought hope to hearts of all peace-loving people.

Before our market opened this morning there were mild recoveries in New York, and it was rather difficult to say just how our grain markets might open as there are many political implications now to be considered, although we know that the American Farm Bureau, which probably has the largest membership of any such organization in this country, has always been against high parity loans. Their attitude at this time is that if we are going to step up farm income on a permanent and sound basis that we must improve our selling programs both at home and abroad. We certainly should have learned by experience that in keeping prices artificially high it merely adds to the burden of accumulating surpluses that finally become unwieldy. Nevertheless, with a political year ahead, nobody can tell what sort of programs will be recommended by politicians.

Overnight weather was quite wet, with heavy rains having been reported again in the Southwest, and showers visited most sections of the corn belt. This, of course, was responsible for holding up the bean movement, and it may be a few days yet before it will get under way again. Our weather man believes that clearing conditions will set in by tomorrow and that we may have clear skies within the next 24 hours. Possibly this was responsible for some selling in beans after a firm opening.There has been very little selling by the country of either corn or beans. While processor bids for beans overnight were 10¢ under TCS Illinois, it was thought that some in the industry might have paid a little more had anything been offered. Wheat was without particular feature, but Broomhall reported from Australia that that country is finding difficulty in selling much of its soft wheat, with the result that farmers are being persuaded to seed grain of higher protein. In spite of exports thus far of 68.3 million bu, which is some 20 million bu larger than last year, they have almost as much surplus left on hand. The next crop is forecast at 200 million bu compared with 166 million bu last year. Emergency storage is being prepared for an expected large wheat harvest in November, together with a large carryover of old wheat. The French wheat crop is now officially estimated at 384 million bu, and with a carryover of 37 million bu, the total supply is 421 million bu, or slightly more than last season.The grade is also superior to a year ago. Generally France uses about 285 million bu domestically, and this would mean a surplus for export and next carryover of about 136 million bu.

Wheat production in Europe has been quite stable for the past three years. The outlook is for a yield of 1,740 million bu this season compared with 1,720 million bu last year, and 1,725 million bu two years ago. The pre-war average (1935-39) was 1,600 million bu. Asian production of wheat has varied only 10 million bu during the past three years, and the prospect is for a crop this season of 1,790 million bu.

Primary receipts of wheat were a little over 1 1/2 million bu which was slightly more than last week, but a little less than last year. Kansas City and Minneapolis stocks so far this week show a net increase of 42,000 bu.

Trade was not as heavy as yesterday, and wheat which had been carried up by the great strength in beans seemed to be somewhat reactionary. The big crop in Canada undoubtedly dampens bullish enthusiasm. Corn was barely firm. The spot market was 1¢ under December. The University of Illinois spoke of the infestation of corn borer, and as a result they figure that in many areas much corn had already fallen to the ground, and that the stalks were weak from injury. Should dry weather occur, some of the fallen corn might be saved for livestock feeding, but this, in addition to other reports we have had from our own offices, leads us to believe that the next crop report may show further deterioration. Beans were somewhat weaker, which was not unexpected after the sharp advances which have taken place, and apparently the trade has become more conservative and likewise cautious. Flour demand was exceedingly slack overnight and buying interest remains narrow.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 28, 1955.

The stock market improved this morning, as did the health and condition of our President.

There was not much rain received overnight, although during the session we heard that there was further moisture in Wichita, Kansas and in Independence, but over the corn belt weather had cleared, and this was probably the reason for a somewhat lower opening on beans, although officially some precipitation is expected tomorrow, although our own weather man does not believe it will amount to much. Country offerings of beans were a little heavier and discounts were wide enough under the November future to make them profitable for the storage interests. Effective today initial margin on soybean trades, other than spreads and hedges, have been increased to 18¢ a bu and maintenance 15¢. Spreads and hedges will be 15¢ per bu. This readjustment did not seem to have much influence upon the market. Recent rains in Illinois, which have retarded soybean harvest for a time, will be of great aid in the preparation of fall seedbeds. The weekly crop bulletin says that permanent pastures should begin to show green and also furnish forage after lying dormant for a long period. The soybean harvest is now 55% finished, which is about the same rate as last year but is above the average of 35%. Corn fields are being opened up in many areas. For the entire state a little over 5% of the crop has been picked. Nothing is stated about possible size of the crop, and we shall probably have to wait for the October 10th government report before having more complete information on this subject. The same is more or less true of Iowa where almost all the corn crop is well dented and hard, and harvesting started last week in all sections of the State. About 10% of this year's field corn had been picked, which is considerably earlier than average.

It is rather difficult to become very enthusiastic on the constructive side of the wheat market at the moment with so much better weather at hand and a large crop in Canada. Much will depend, of course, on the amounts that are impounded, although up to the present time quantities under support are very disappointing and small compared with past years. The supply of feed grains in Canada are expected to be up substantially from a year ago. August 1st stocks of oats were 81.1 million bu, which was well below those of the last four years, while the carryover of barley, amounting to 87.2 million bu, was the smallest since 1952. However, the 1955 crops which will be added to these relatively small carryover reserves are well above levels of last season. Production of these crops forecast on the basis of August 15th conditions were, oats 436 million bu, and barley nearly 269 million bu, representing increases over 1954 outturn of 42% and 53%, respectively. Should these estimates be borne out there would be a total oat supply of 517 million bu and a total barley supply of 356 million bu, which is considerably over comparable levels both for last year and the ten-year averages. In addition to this there is a considerable amount of feed wheat carried over from last season's crop. Also there is an estimate of 64 million bu mixed grains, the bulk of which is produced in Eastern Canada.

Primary receipts of wheat were 1.4 million bu which compared with a little less than 1 million bu last week, and 1.3 million last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 83,000 bu.

Trade in wheat was quite moderate. There was some buying of December outright and against sales of March by elevator concerns who are apparently disposed to go over on their hedges. Most of the red wheat in Chicago is being tightly held, although possibly by speculative account. Flour business was extremely dull, and hardly any export business reported. In corn there seemed to be hedging; whether it was against purchases of cash or against sorghum buying from the government is hard to say. In any event, the market was reasonably weak. We learned from southern Illinois that farmers seem to be pretty well pleased with present price levels for beans, and very likely some selling will take place after cutting is resumed following yesterday's rainfall. We are led to believe there will be a reasonable amount of this type of selling if the market holds up. There was some weakness in the futures market today, with the demand for meal rather limited, but as an offset there was some export business in oils and prices were higher. This probably prevented beans from declinine more severely. Oats continue disappointing.

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CHICAGO, 4 September 29, 1955

There were a few light showers overnight in eastern Kansas, also some scattered showers over western portions of the corn belt. Elsewhere generally fair weather prevailed. However, this morning it started to rain again in Illinois and other parts of the corn belt areas, and therefore, it was a foregone conclusion that beans would probably open stronger, particularly as the feeling late yesterday was a little more bullish. However, not many people had expected such a sharp advance, but we believe this may be explained by the fact that there is no balance-wheel to the market at the present time. The carryover reserves were small, and until cutting operations are resumed again there probably will be a good deal of nervousness. Moreover, there are some people who figure that the next government report will show further reduction, so that when shorts wanted to cover they found offerings extremely light, and besides this, stop-loss orders were uncovered on the way up.

In looking at the map we find that weather in the corn belt area will clear late tonight, but should be fair tomorrow and somewhat cooler.

Grains generally were influenced by the sharp advance in the bean market, although it should be noted that red wheat is becoming a little tighter, and a small premium is now being paid for red wheat in comparison with the December future, which raises the question as to whether there will be any tenders on contracts two months hence. The red wheat here in Chicago is largely in the hands of speculative parties who apparently had anticipated this tightening, and as a result elevator interests are going over to the more deferred months on their hedges. Finally, the wheat market will depend to a great extent on the quantity which is impounded. We have mentioned this on several occasions in the past, and are still convinced that artificial factors will determine the final outcome.

We do feel, however, that the rains in the Southwest, which includes Texas, are the forerunner of a much better situation than we have enjoyed in some time, as the precipitation was general, and comments are almost completely favorable as to the wheat plant getting off to a good start. Furthermore, there is a big crop in Canada, and thus, even the CCC may not find it too easy to sell off the accumulated surpluses, and we are convinced that the next carryover will be about the largest in five years; in fact, again almost four times as large as our reserve stock of 255 million bu which we had on hand in 1952.

According to The Southwestern Miller, country stations in Kansas and adjoining states were buying only small amounts of wheat, and the pick-up was less than had been expected in view of the more attractive price level in relation to the loan and excellent weather for seeding. All this may have caused a little better sentiment at least for the time being, but commercial business remains small, and our export sales are being made mostly from government stocks, so that there are not many hedges being lifted at this time. It has been reported that CCC sold exporters 2 million bu of barley and 2 million bu of #3 white oats, all of which is somewhat discouraging, as business of this kind prevents smaller firms from handling their regular merchandising operations. Government operations are certainly wide-flung. Just a few days ago the Department of Agriculture announced that they had exchanged 75,000 bu of CCC-owned wheat for 3 1/2 million pounds of flour for school lunch use in Italy under an International Cooperation Administration program.

Primary receipts of wheat amounted to 1,386,000 bu, which was practically the same as last year but compared with 1,180,000 bu last week. Kansas City and Minneapolis stocks so far this week show a net decrease of 55,000 bu.

Trade was rather slow in the wheat pit, and there was not much to guide it except for a time prices were firm in sympathy with the sharp advance in beans. Most Southwestern states spoke of rainfall during the past week, which has greatly improved soil moisture conditions, and has likewise encouraged seeding of fall grains. Flour demand was rather unimpressive, but yet December wheat gained a little on the deferred months, this being due somewhat to technical conditions which we described earlier. Best prices in beans did not hold, but yet the market was sharply higher. There was very little feature to corn, although some offerings from the country, and by the same token, a few hedges being placed. Oats which had been neglected and acted poorly up to now, responded a little and were fractionally higher, but there was no big trade in that commodity.

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CHICAGO, 4 Sept 30 1955.

President Eisenhower's illness has brought the farm program into the foreground, the Democrats believing they may find a vulnerable spot in the armour of the Republicans, and certain Republican members of Congress are fearful about the farm vote in the next election. Again, a search seems to be on for some magic formula to resolve the problem of declining farm income in the midst of record prosperity for other segments of the country. As one song writer wrote many years ago, "There is Nothing New Under the Sun." So present thoughts seem to be the hashing and re-hashing of plans that either have been thoroughly explored in the past, or in some instances tried out.

We are now plagued with surpluses due to the high unrealistic loans that had been in force for so many years. Unfortunately, the only real answer to surpluses took place during the drought years of the 1930's and during World War II. As one well known economist, Mr. Marcus Nadler, points out, the changes in farming in the past three decades, and particularly since the end of World War II have been very extensive. As he expressed it, farming has ceased to be a way of life and has become for all practical purposes "big business." The shift of population from farms to cities has increased. In 1930, there was a total of 24.6% of the total population living on farms, and today's figure is estimated at only about 13 1/2%. Since 1950 about 3 million individuals have left the farm. Farming has become highly mechanized and the size of farms has increased steadily. The number of tractors in use has increased from920,000 in 1930 to over 4 1/2 million units at the preent time. The increase of combines and corn-pickers has been even greater. It was estimated in 1940 that the total value of farm machinery and motor vehicles have been increased from $3.1 billion to an estimated $18.7 billion. The total net worth of the farming population has increased about $100 billion since 1940, and while the farm income has tended to decline, the economic security of the farmer is high and his standard of living has risen materially.

The conference between Canada and the U.S. on trade problems apparently did not bring out anything very constructive, according to advices from Winnipeg. A Joint Committee is to be formed and it is hoped by the Canadian authorities that this will tend to protect for Canada some of her tradition wheat markets. Meanwhile, the United Nations has called a conference to consider the renewal or replacement of the International Wheat Agreement, the object being to provide an opportunity to review the present composition and to consider the question as to the best form of arrangement to deal with the international wheat situation. Apparently the U.S. is quite lukewarm as to the extension of IWA after next July 31st, but Australia and Canada seem to be more interested in a renewal.

Broomhall notes a marked improvement in moisture conditions in a number of Argentine areas, although the general situation remains none too promising due to inadequate rainfall over much of the northern provinces. In Europe rain in a number of areas has slowed work in the fields, but has improved the seedbed for fall work. It is expected that efforts will be made to expand acreage to wheat and other crops in many countries.

Primary receipts of wheat today totaled 1,263,000 bu vs 1,432,000 bu last week, and 1,106,000 bu last year. Kansas City and Minneapolis wheat stocks show a net increase of 15,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease of 1,511,000 bu a year ago.

There was not much in the news to be a factor in the wheat market today. With the recent heaviest and most wide-spread rains in more than a year, which fell over the hard winter wheat belt, surface and subsoil moisture has been replenished, permitting farmers to proceed with fall planting. In some quarters it is anticipated that due to this improved soil condition there may be freer sales of old wheat, on part of producers, which would bring in more free supplies to the market.

The forecast was for clear and cool weather over the corn belt, and harvesting of beans no doubt will again be in full swing over the week-end or by Monday. Reports on yields show some variance, but Macon County, Illinois, estimates yields at 27 1/2 bu per acre versus 24 last year. It was also reported that some soybean meal sold abroad but not yet shipped, has been offered back to the domestic seller. Beans were weak throughout the entire session, and eventually pressure should be felt from the new crop.

There was also a report from Jacksonville, Illinois, of corn yields of up to 100 to 105 bu per acre, but naturally this is very choice land. No doubt estimates on the new corn crop will vary until final yields have been announced.

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CHICAGO, 4 October 3, 1955.

There was more than the usual amount of news over the week-end. Foreign Minister Pinay led the French Delegation in a dramatic walk-out from the U. N. Assembly Chamber after Friday's vote. This was regarded as an unfortunate incident, but apparently was not too significant marketwise. The President's health was also reconsidered in the light of Sunday night's bulletin from his medical advisors that the progress of his recovery had slowed down. This likewise was not taken too seriously in view of what medical men term "a common occurrence."

In addition there were some wonderful rains in the Southwest which covered Texas, Oklahoma, and Kansas. They were not as heavy in western Kansas and on the Northern Plains of the Texas Panhandle as elsewhere, but on the whole they were extremely heavy. Ordinarily moisture in Texas at this time of year is exceptionally helpful, but right now they need clear, drying weather, as rains are damaging the milo that is ready to harvest, but by the same token it places the soil in much better condition for next year's winter wheat crop. There had been practically no moisture over the corn belt, and as a result cutting and harvesting operations were resumed in beans. Offerings this morning were quite heavy, and bids considerably lower, so that it was a foregone conclusion that the futures market would respond accordingly. There was some selling of corn and wheat by Northwest interests and for scattered account, all of which caused further reactions.

Little attention was paid to the reduction in parity figures, a decline of 1¢ per bu having been reported for corn and 2¢ per bu for wheat. As far as the corn loan is concerned, it has previously been announced that $1.58 would be the minimum, but CCC offerings of corn for domestic use have been seasonally adjusted for October, although prices are still well above free market values.

From a statistical point of view there is nothing very bullish in the wheat situation, and strength, if it comes, would have to result from heavy impoundings that would give us an artificial market. As of September 1st supplies of wheat for export and carryover in the U. S. amounted to 1,279 million bu. This is computed by taking crop and carryover, deducting 608 million bu for domestic usage, and exports of 50 million bu already cleared. By the same computation, Canada has 809 million bu for export and next carryover, Argentina 117 million bu, Australia 114 million bu, or a total for the four countries of 2,319 million bu. This compares with 2,177 million bu last year and 2,021 million bu two years ago. Tomorrow we shall have a private report by Galvin setting forth his ideas on prospective yields of corn and beans. Some reductions are looked for in both commodities. We have heard some guesses on the corn crop of 3 billion bu or less, and according to the American Soybean Association, private estimates are being made of a 360-million-bu crop, while others feel that the final result will be no better than last year. It is universally expected that the government later this month will pare its September estimate but we reserve our own thinking on this question until the time of the official estimate, as at the present time there is too much divergence of opinion; therefore, guesswork might be dangerous.

The visible supply of wheat increased 1.3 million bu and now totals 423.3 million bu vs 406 million bu last year. The corn visible decreased 207,000 bu, leaving 20.8 million bu in all positions vs 14.5 million bu last year. The oat visible decreased 525,000 bu, and beans increased a little over 1 million bu. to a total of 4.3 million bu, which is still somewhat less than ayear ago. Chicago wheat stocks decreased 109,000 bu, leaving 17.3 million bu here. Corn increased 492,000 bu, oats decreased 548,000 bu, and beans increased 565,000 bu, so that Chicago stocks are now 1 1/4 million bu.

During the session there were further reportsof rather generous rains over many parts of the Southwest. Besides this, the cotton market had a very sharp break, and we believe this had an influence for a time on soybeans which were independently weak. There was, however, some recovery from the low of the day. Supplies of beans on September 1st still remaining for processing, export or carryover totaled 30.2 million bu vs 12.6 million bu a year earlier. Stocks at crushing plants at the same date totaled 7.2 million bu, which was about 2.3 million bu more than for the same date last year. There was nothing much to encourage purchases of wheat today. Flour demand is still extremely light, and according to The Southwestarn Miller current sales were the smallest of the crop year. Corn declined somewhat, but there was no particular feature, and tomorrow's private report is being eagerly awaited. A friend of ours in the East told us he was buying corn in Ohio on basis of 9¢ under Chicago December.

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CHICAGO, 4 October 4, 1955.

The trade was very eager this morning to get the figures issued by one of our private experts, particularly with respect to possible damage that may have been sustained by the corn and bean crops. The production of corn is forecast at 3,148 million bu by Galvin, which is actually a little more than the government estimate in September, and this came about largely because of higher yields in Iowa as compared with last month. There were minor losses in Nebraska, Indiana and Illinois, due to the prolonged dry weather, but this was offset by gains elsewhere. The bean estimate of 368.4 million bu was a drop from the 387.5 million bu which had been given us officially a month ago, and it likewise was due to drought and extremely high temperatures during much of the growing season. Nevertheless, a bean crop of this size would be a record for all time and would compare with the previous high of 343 million bu last season.

In view of the fact that a good many people had been prepared for lower figures, there was little excitement when today's tabulations were publicized. There are always less conservative elements, some of whom thought that the corn crop might be as low as 2 1/2 to 2 3/4 billion bu, but we never paid much attention to these estimates, as reports from our own offices did not indicate that losses were that heavy. There was undoubtedly some damage occasioned by the corn borer but it should also be observed that the outlook in the southern states showed little change from a month ago. In any event, if the final figure is as good for the corn crop as the one we were given this morning, there should be more than enough to take care of our domestic needs, and thus we may again add to the carryover reserve one year hence. In beans we must take into account that the demand for fats and oils, at least domestically, may lag, and unless prices remain on a fairly reasonable basis, it might even interfere with our export outlets.

There was not much other news except that there were some early recoveries in the stock market, and before grains opened securities seemed somewhat firmer following yesterday's break. News from Denver was also more reassuring with respect to the President's recovery, and medical men seem satisfied with Mr. Eisenhower's progress.

There had been moderate to heavy rainfall over Kansas, Oklahoma and Texas during the past twenty-four hours, and in some localities precipitation was very heavy. Taking into account moisture that has fallen during the past week, we would say that the outlook for the winter wheat crop has been much improved. There is still an unsettled map as far as the Southwest is concerned, and there may be some showers also in the corn belt in addition to those which fell in Illinois overnight. This has held up harvesting operations of beans, and the overnight offerings were light as a result.

In the Galvin report this morning the wheat crop was estimated at 926 million bu compared with a government figure last month of 917 million bu. No change was indicated for winter wheat but a spring wheat crop of 232 million bu was recorded. There was also a slight increase in the prospect for the oat crop. Just recently the Canadian government cut its wheat offering price on Manitobas for export, and with a large supply in that country we anticipate they will have to compete keenly with other surplus countries.

Primary receipts of wheat were 1 1/2 million bu, or the same as last week, and compared with 1,321,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 175,000 bu.

Trade was not particularly large, although offerings in beans were light, and there was considerable short covering, part of which may have been due to the fact that wet weather has returned, and consequently will impede harvesting operations. Of course, a good part of the crop has already been brought in safely, but offerings from the country are small, and we believe this probably had more to do with today's advance than the fact that the private crop report showed a reduction from last month. Flour sales were extremely light again, and with wheat prices declining buyers seem to be in a waiting attitude. Corn was fairly weak at one time, but recovered later in the session when other grains firmed. As we have pointed out, it looks as though reserve stocks would increase again, particularly if the present promise of about 3,150 million bu for the crop is realized. There was no particular spreading between December and March wheat, but the difference narrowed, and this came about very largely because of the independent strength in the December future in comparison with other months. No outstanding buying occurred, but red wheat is working into a stronger position, and holdings of free wheat in Chicago are rather tightly held by speculative interests.

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CHICAGO, 4

October 5, 1955

The main development overnight was the weather. An unsettled map gave promise of rainfall, but actually precipitation during the past four days was heavier over the Southwest than had been expected. This was particularly true in Texas, where reports showed that on the South Plains of the Panhandle there was anywhere from 2 to 7 inches, and in one extreme case, more than one foot of rainfall, which is almost unheard of in that section of the country in so short a period. West of the 100th Meridian we are lucky if we get more than 17 inches of rain during the period of an entire year, but there has been a drought over that section of the country for four or five years, and possibly nature is averaging out. In any case, it will interfere with the movement of the sorghum crop, although it is wonderful for replenishing subsoil moisture, and surely the winter wheat is getting off to a wonderful start.

The rain in the corn and bean belt was also quite heavy, and according to the forecast there will be some further precipitation tonight and on Thursday, with comparatively mild temperatures. Thus it was a foregone conclusion that beans would also open higher. A large part of the crop has already been gathered but the late beans are still in the field, and while it merely means that cutting will be held up, it was nevertheless construed as bullish. Even meal which turned weak yesterday afternoon, strengthened this morning.

We heard that CCC had sold exporters 2 million bu of milo at prices ranging from 1.86 3/4 to 1.90 1/2, but this apparently did not have much market influence.

There has been a rather peculair cycle insofar as weather is concerned. Many people were again fearing that we were in for another drought, especially in the Southwest, but the rains of the past two weeks have certainly dissipated any such theories.

The Department of Agriculture announced this morning that farmers in the corn belt and other areas may get better results on some farms by growing corn on contoured or graded ridges, much like those used in the Southeast for tobacco and cotton. This technique looks especially promising for fields where drainage or erosion are problems. After four years of cooperative experiment by Agricultural research men of the U S D A and Iowa's Agricultural experiment station, it was found that the standard row cropping tends to leave corn fields vulnerable to erosion and encourages water to run off quickly before the soil can absorb it. On the other hand the new method of using contoured ridges will aid in intercepting some rainfall, and thus help to hold it on the soil where it falls; thus preventing too rapid run-off and avoiding wet spots.

There was not much news in wheat, but the market firmed a little when other commodities showed signs of strength. There was again some buying of December wheat, some of it for account of a leading mill, which may have meant some business overnight. Country selling of wheat is reported light, and there seems to be a slight improvement in the demand for flour, but generally speaking commercial business seems to remain of small volume.

Primary receipts of wheat today amounted to 1 million bu compared with 1.3 million bu last week, and 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 205,000 bu.

Trade was not particularly heavy, although there was a good deal of buying in the bean pit, probably most of it was short covering again, and the late forecast was for continued wet weather. However, everybody knows that rains do not last forever, and it is our belief that when clearing conditions set in and farmers can get back into the fields that we shall have some reaction. As a matter of fact, the market did not hold its full gain today. The corn market was reasonably steady, and naturally it is influenced also by the rains. However, the spot corn bid was no better than December price, and we are still of the opinion that if we could add 130 million bu to the carryover reserve a year ago with a smaller crop, that it will be rather difficult to boost corn this season, particularly at the start of the crop year.

Germany bought 22,500 tons of hard wheat for November-December shipment, but inasmuch as this probably will come out of government stocks it had practically no market effect. There was, however, speculative support.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 6, 1955.

Weather seems to be clearing in the Southwest, with a high barometer coming in, although there were still a few reports of rain in parts of Missouri. We expect some moisture again over the other corn belt states, but clearing by tonight, and there should be an improvement in this condition within a matter of hours, and probably clearing skies over the week-end. This was regarded as a little bit bearish, as after all delays in the combining of the bean crop are not too serious, as in Illinois about three-fifths of the beans have already been brought in safely, and it is not a matter of the greatest importance when the balance are ready for market.

There was some early selling by a Northwest house, which found the market rather poorly supported, and we believe that recent short covering has been on a heavy scale. The government has reported on August agricultural exports showing that there has been an increase of 30% over last year. There has been a decline in cotton shipments, but increases are shown for grain, tobacco and vegetable oils as well as oilseeds. Our wheat exports have gotten off to a good start with the help of Public Law 480. This permits business to be done on the basis of foreign currency sales, and it looks very much as though our clearances during July and August would be about 30% greater than in the like period of last year.

The State reports which are circulating report splendid progress of the winter wheat crop as a result of timely rains. Some reseeding may have to be done in parts of Nebraska, but at least the long summer drought is now broken, and sentiment generally is quite optimistic. In Oklahoma the State report speaks of adequate soil moisture for seeding of small grains, although the excessive rainfall during the past two weeks has interrupted field work, and dry weather is now needed to permit harvesting and planting operations for completion of the work. There were also delays in Kansas as wet fields limited seedbed preparation. By October 1st only 22% of the State's wheat crop has been planted compared with 69% at the same date a year ago. However, moisture has put the topsoil in ideal condition, and no doubt progress will be rapid as soon as the soil becomes dry enough for work. The early planted wheat in western counties has emerged to mostly spotted stands and some acreage is being replanted.

A new development occurred yesterday; for the first time CCC detailed its holdings of wheat in Chicago elevators. The total owned by them and under loan amounted to 8 million bu, so there is roughly 9.3 million bu free wheat. Possibly 1 million bu is destined to be moved out of this market, and other quantities are owned by mills, but in any case the trade has a little better conception of what Chicago statistics mean, as heretofore it was almost entirely guess work. Germany took 100,000 tons of Manitobas. We also heard that Commodity had sold exporters 1 1/2 million bu of barley in the Northwest.

Corn was also weaker early, and the Iowa State report claimed that about 20% of the 1955 corn crop had been picked by Monday. This is far ahead of all years of record. Likewise, over 50% of the Iowa bean crop had been harvested by the same time. This compares with 20% combined by the same date last year, and the 8-year average of about 5%.

Primary receipts of wheat were 1.1 million bu which compared with 1.3 million bu last week, and 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 495,000 bu.

There was a little more firmness in wheat today, possibly generated by the feeling that prices are well below the loan level, but until later in the month when the government tells us how much is impounded, it is difficult to have very strong convictions. Beans were a little stronger at times, but there seemed to be selling on advances, and in our opinion this is the proper course to pursue, as we have raised the largest crop in history, and unless prices stay down we doubt whether export demand will be sufficiently large to rid us of our surpluses. There were 293 cars of soybeans at Decatur today which is not too bad considering the weather. The mid-day weather forecast was about the same as the early one, scattered showers are likely in Illinois and Indiana, followed by clearing weather late tonight. The flour demand was pretty flat, and there is not much interest on part of new buyers, although a few small lots are being sold here and there. The daily average, according to The Southwestern Miller is well below 25% of capacity, while in some cases mills are noting a complete blank. Trade in corn was quiet and final prices showed little change.

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CHICAGO, 4 October 7, 1955

Unemployment last month declined to 2.2 million, which was the lowest since November 1953. According to the last count there are 65.5 million people gainfully employed in this country, and the August figure showed the fourth consecutive month of gain, with a new high record reached. This all results from the generally favorable business conditions throughout the country, and the annual rate of consumer-spending is now about $20 billion greater than in 1953, and prospects are that fall and winter trade will be the best ever recorded. Much of the improvement, however, has been brought about by the unprecedentedly high volume of consumer-credit, a development that is causing growing concern. Here in this country we have 30% of the world's rail mileage, one-third of the highways, and four-fifths of the motor vehicles. This gives some idea as to how our people are traveling and getting about. The transportation industry in all fields employs more than 11 million persons. Much of the traveling, of course, is for pleasure, but in any event during 1954 consumers spent approximately $27 billion on transportation, which was 10% of disposable personal income.

Before our market opened this morning, we had little to guide it except that there were further reports of heavy rains throughout the corn belt, and chances are that more showers will occur today, but weather will clear by evening and it will probably remain that way over the week-end. In any case it may take several days, if not longer, before farmers can get back into the fields to finish their combining of beans. The five-day forecast suggests that by next Tuesday more rains will visit the same areas that have already been soaked. Our own weather man is a little skeptical of this development, but in any case it remains to be seen whether we shall have propitious weather for bringing in the balance of the crop, and also more favorable weather for corn harvest. Ordinarily, we get our first frost in Illinois and Indiana at about this season of the year, but thus far temperatures have been relatively mild.

It was reported that CCC has sold exporters 300,000 bu rye, which figured at a price of 83 3/8¢, FOB, Duluth. Consequently, there will be some rye leaving the country, but as far as the commercial supply is concerned, it is not on a workable basis.

The American Farm Bureau Federation urged Secretary Benson not to buy surplus pork or to set up a support program in an effort to bolster slumping hog prices. This advice from the country's largest farm organization came shortly before today's scheduled meeting of representatives of the hog and pork industry as to what might be done to improve the level of hog prices. The Farm Bureau, in giving its advice, figured that any undue or temporary stimulus to the hog market might mislead producers into an unsound expansion of production; therefore, from an economic point we feel that their advice is sound and should be heeded.

Mostly clear weather prevailed Southwest, although there were a few scattered showers here and there. On the whole the outlook for the next wheat crop has been greatly enhanced. There was some scattered commission-house buying of December wheat and although some wheat is coming either to Chicago or Milwaukee from Toledo, it is believed that it will only be here in transit and then shipped to a mill in Springfield. It will, however, lessen the demand for Chicago wheat, but at the same token we are still not convinced that there will be many deliveries here on the nearby contract unless some of the speculative interests who are holding cash grain decide to liquidate.

Primary receipts of wheat were 1.2 million bu, which was practically the same as last week and just a trifle less than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 512,000 bu. When the visible supply of wheat is posted on Monday, it will compare with a decrease last year of 3 1/4 million bu.

Trade was not at all heavy although at times there was a good deal of buying of beans, and the November delivery forged ahead faster than the later months, probably influenced by the wet weather. However, there were some offsetting sales and profit-taking, but still the close showed fair gains. Best prices did not hold in corn although movement from the country of both corn and beans was small. Neither of these commodities had to absorb hedges. There was some buying in wheat, and while it was in small scattered lots, we did note firmness through most of the session despite rather slow flour demand with no signs of improvement. Present volume is about the poorest of the season. On the advance in corn a broker with Northwest elevator connections sold December and a local trader was also liquidating some of his commitments.

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CHICAGO, 4 October 10, 1955

Weather over the week-end was clear everywhere, and this gave farmers an opportunity to get back into the fields. The five-day forecast that had been issued last Friday was wrong again, but this should prove no surprise as experience has shown that the appraisals are more accurate for temperature than for rain. We would say on the latter that there is always a certain amount of guesswork and prognostications have only been about half correct, if the percentage has even been that good. Nevertheless, clear skies are still indicated for the next forty-eight hours, and thus there seems to be more selling of beans and of old corn, all of which brought pressure to our market at the opening.

The figures on impoundings were published late Friday and these showed 124.2 million bu wheat under the loan. This is an increase of 77 million bu from the August figure, whereas a year ago during the same period 105 million bu was put into the loan for a total at mid-September of 232.7 million bu. Considering that the crop is smaller and that probably only 300 million bu at best will go under loan, the last figures were a little more impressive, and would seem to indicate that, despite the slow start, farmers seem more willing now to lean on government supports. As matters now stand the government owned virtually all of the 1 billion bu wheat carried into the new crop last July 1st. CCC has approximately $2.5 billion invested in wheat price-support operations. In other words, wheat accounts for more than one-third of the current inventories and outstanding loans. From this it is quite obvious that the government is the dominant factor in the wheat market today. Decisions concerning the management of this huge inventory directly affect not only wheat producers, but the baking and milling industries, and the private trade generally. As Mr. Benson has pointed out, this is not a desirable situation, but he also foresees that until domestic wheat stocks are reduced considerably the government has little choice but to carry the inventory which normally would be carried by the trade.

Coming into a political year, and with President Eisenhower almost surely not to run, the question arises as to what changes may be made or suggested for various agricultural programs. Since the peak level of prices during the Korean War, agricultural prices on an average have declined by one-fourth. Meanwhile farmers' cost of doing business has scarcely declined, and even threatens to move higher. The resulting squeeze on farm checkbooks is neither healthy for agriculture nor in the long run for the nation as a whole. We admit that better techniques have permitted much greater efficiency on the farm. Through a thirty-year period crop yields per acre are up by about one-third. This is due to better seeds, improved fertilizers, and more efficient tillage practices that have all tended to increase total farm production. There are 8 1/2 times as many tractors on American farms today as there were thirty years ago, nearly six times as many trucks, 20 times as many combines, 15 times as many corn-pickers, and 10 times as many milking machines. All of this has made American farmers the world's most efficient producers, but matters of that kind are quickly forgotten when political factors often stampede men into hastily conceived, unrealistic programs which are apt to destroy farm markets and eventually do agriculture infinitely more harm than good.

When the visible supply of wheat was posted there was a decrease of 441,000 bu, which cut the total to 423,000 million bu, but still there is about 20 million bu more in this supply than at the same time last season. The corn visible decreased nearly 1 million bu to 19.8 million, which compares with 15.3 million bu last year. There was a decrease of 1.2 million bu in the oat visible, total stocks have been cut to 35 million bu, but there is still 10.6 million more on hand than a year ago, Beans showed a sharp increase of 1 3/4 million bu, making the total 6 million bu, which is almost up to the amount we had a year ago. Here in Chicago wheat stocks decreased 642,000 bu; corn increased 504,000 bu; beans increased 255,000 bu and rye and oats each went down about 150,000 bu.

Trade was rather moderate. In wheat there was no important feature except that there has been more pressure lately on the new crop months because of the fine rains Southwest. Flour business is still very dull. The strength in December wheat prevented sharper declines. There was quite a sizeable break in the bean market, but country offerings fell off on the decline.

There will be an official crop estimate after the close of the market tomorrow, and the market may hesitate a little until the new figures are given. Traders naturally will be somewhat hesitant during tomorrow's session. The spot trading basis on corn was 2 1/2 over, which was a slight improvement from last week.

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CHICAGO, 4

October 11, 1955

As political factors take shape prior to the coming elections, there will undoubtedly be a great deal of talk as to the shrinking population on farms, and many politicians will make capital of this apparently indicating that many people are being displaced. Here in the U. S. we have approximately 8 1/2 million farm workers. Each of them turns out enough produce for his own needs and those of about eighteen others. It is certainly a much more desirable situation than one finds in Russia, where there are reportedly some 50 million farm workers, of the more than 200 million people; thus the Russian farm worker produces enough food and fiber for himself and possibly three or four other people. In contrasting our farm life with theirs, we would certainly not want to revert to such a status. We had it in this country thirty years ago, when each American farm worker produced enough food and fiber to provide for the needs of himself and only seven other people. The great technological developments such as we reported yesterday have done much to raise the yields per acre and to cut down the amount of farm labor with 8 1/2 times as many tractors on American farms today as there were thirty years ago.

The writer recalls very well when he visited Argentina a few years ago and lived on a large ranch for several days. The Argentine government purposely did not permit the import of tractors or other farm machinery from the U. S. or Germany. It was their contention that to do so would merely throw people out of work, and thus many of the crude methods such as we knew them a quarter of a century ago are still being employed. Of course, there may have been other reasons: namely, dollar shortages, but efforts to protect labor were certainly a major consideration; consequently, that country did not develop in other respects because with too many people confined to farm work it prevented the expansion of industrial activity. The so-called family farm, which is a unit operated by the owner and his family, with perhaps some hired seasonal help, still dominates our agricultural scene. As recently as 1932, the number of people who made their living off the land was about 32 million, while now it has been reduced to about 22 million. Much of the decrease has come in the past decade. This has made it possible for many of the sons and daughters of farmers to share directly in the industrial boom that is lifting the gross national product to an all-time high. As we have mentioned on several occasions, those who have elected to remain on the farm are enjoying probably a larger per-capita income than was possible in the past even though total net farm income previously had been greater. The farmer himself determines whether he has had a good year or a bad year by counting what is left in his pocket after the crops are marketed and all his bills are paid. He could conceivably go broke even with high farm prices if his volume of production were sharply reduced either by nature or by government edict, or if his operating expenses would go far out of line.

Before our market opened this morning traders viewed the weather with some optimism. There are probably a few rains indicated for northern sections of the corn belt, but this is not very serious, and while the overnight offerings of beans were not particularly heavy, there seemed to be a little more selling by downstate interests, and Illinois processor bids for beans were 11 under TCS. Despite some pessimism with respect to hog prices, we find that the Chicago corn-hog ratio this week is 11.8 compared with 12.0 a week ago and 11.9 a year ago.

Primary receipts of wheat today amounted to 1.1 million bu which compared with 1.5 million bu last week, and 1.5 million bu also last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 34,000 bu.

Trade was rather dull in anticipation of the government report which is to be issued later in the afternoon, although no great changes are expected in estimates for either corn or beans. Flour business was still very dull, and the German business that was expected today has been postponed. There was some selling of December wheat against purchases of July, which affected the spreads, and also some outright selling of December wheat. It seems that another boat of red wheat has been sold from Toledo to come to Chicago, which is the third in about a week, all intended for mill consumption. Beans were a little stronger, and corn not much changed, but there were no new developments.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 12, 1955

After the close of the market yesterday, we had the long-awaited government report, and the trade was particularly interested in getting the new figures for the corn and bean production. The corn figure showed very little change from the month earlier. There was an increase of about 4 million bu, the estimate now suggesting a crop of 3,117 million bu, which compares with a ten-year average of 3,080 million bu, and last year's poor crop of 2,964 million bu. We do not regard this as particularly bullish, even though the figure is a little smaller than was estimated by Galvin. We say this because even with the poor crop a year ago, we were able to add about 130 million bu to our reserve stock; therefore, believe that the carryover will again increase, and thus there seems to be no relief in that direction. We are dependent almost entirely upon a large consumption at home, for our corn exports during the past ten years have averaged only 87.6 million bu, and this is very small in comparison with the total crop.

As for beans the forecast was for a yield of nearly 375 million bu, which would be about 32 million bu larger than the previous record established a year ago. The report was a little more optimistic than had been expected, but there are still some people, both in the trade and in the Department of Agriculture, who do not regard this as an excessive figure, nor do they believe there is much danger of building up a burdensome surplus. They allow for a carryover of 7 million bu, which would give us a total supply of 382 million bu. In their calculations they seem very optimistic that the 1955-56 crushings will amount to 270 million bu, and farm use 30 million bu. On that basis, it would leave 82 million bu for export and carryover. We exported only about 60 million bu in the season just closing but there are some who believe that our shipments will be substantially above that amount. We ourselves cannot concur in this view but as time goes on we shall see who is right.

The wheat estimate showed a very small reduction, and chances are that there will be very few changes between now and the final report; therefore, we must assume that spring and winter wheat production totaled 915.5 million bu, which seems ample in view of domestic consumption, which amounts to only 610 million bu. We still believe that by next July we shall add again to the carryover reserve.

The oat and barley crops were not changed, while the sorghum crop was increased slightly but hardly enough to draw much comment.

Before our market opened this morning there had been some rains reported east of the Mississippi River, and they averaged about 1/4 inch over most of Illinois and central and southern portions of the state will probably get more rain this afternoon and tonight, but it should clear by tomorrow. In view of the fact that harvesting operations have made pretty good progress during the past three or four days, this is not regarded as very serious.

CCC sold 2 million bu milo to exporters at prices ranging from $1.86 1/4 to $1.89 1/8.

Broomhall's Foreign Crop Comment was mostly favorable with respect to European weather conditions. Likewise general rains fell in France and more are wanted. Harvesting of this year's crop continues and the returns are equal to the previous high estimates. Quality should be better. The outlook is for a material increase in wheat acreage in the U.K. compared with last fall's curtailment occasioned by unfavorable weather.

Primary receipts of wheat today were a little over 1 million bu, or about the same as last week, and this compared with 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 184,000 bu.

Trade was rather uninteresting, and there was not much enlargement following the government report. Some liquidation occurredin corn and in beans, but rains probably kept the bean market from breaking more severely, although the cash basis was weaker. We believe that sales on rallies will prove profitable. There was a little flour business overnight, but, as The Southwestern Miller puts it, no change in the buying pace of any real consequence. In the four southwestern states we find that only 41 million bu of wheat was impounded at mid-September vs 143 million bu last year, or 29%. In four soft winter wheat states there was nearly 24 million bu impounded compared with 31 million a year ago, or 76%. In four northwestern states more had been placed under loan than a year ago--actually 133%.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 13, 1955.

Some politicians undoubtedly will make capital of the sagging farm prices and the fact that since the Korean War prices from top levels have declined on an average by about one-fourth. During the same period, the farmers cost of doing business has scarcely come down at all, and altogether there has been a squeeze on farm pocketbooks, which is beginning to show in some instances with respect to payments, as well as the curtailment of farm machinery purchases, etc. We have always felt, however, that actions speak louder than words, and, therefore, it is rather significant that during the past year more than two-thirds of the farms and tracts sold were actually purchased by farmers. This in our opinion would indicate that even though prices have declined, farmers are still hopeful for the future, and we find no evidence of widespread liquidation of farm lands, such as we had during other depression periods. Farmers who already owned some land were the predominant class of farm buyers. Nationally, about half of all transfers were made between farmers. This may indicate that the less efficient group was willing to give up, while others purchased for farm-enlargement, probably figuring they could do a better job. According to the official government figures about a third of all farms during the past year were bought for farm-enlargement. Nearly half of such purchases had been operated as single farms before they were sold. There were about 50,000 farms absorbed in this process, which is indicative of the fact that large scale farming is probably becoming more popular, although this cannot be stated conclusively, as there were about 10,000 new farms established from parts of existing farms during the same period. Despite the downturn in farm commodity prices and income, the value of land showed a gain of 2% or more. The largest increase occurred in the central corn belt area, where the gains ranged between 5 to 8%. Actually there were only three states: namely, Maine, Vermont, and Wyoming, with land valuessignificantly below a year earlier.

Before our market opened this morning, some rain had been reported over the corn belt, but nothing of a heavy nature. Weather now seems to have cleared, and fair weather should prevail over the entire grain belt.

From Illinois points there were some moderate offerings of corn and the volume seems somewhat better, with early bids having been reduced about a cent. However, not many soybeans were offered this morning, and this resulted in a somewhat higher market at the opening.

Primary receipts of wheat amounted to 1.2 million bu, which was a little more than both last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 289,000 bu.

We continue to get very optimistic reports from the Southwest with respect to seeding of the next winter wheat crop. It should be borne in mind that prior to the rains farmers hesitated to sow on a heavy scale, but wheat seeding recently has progressed quite rapidly in many areas, although there have still been fields where it remained wet, and according to the Kansas weekly crop report only 47% of the intended acreage of the State has been planted so far compared with 80% by the same date last year. We do hear, however, that many farmers intend to exceed their acreage allotments, thus taking their own chances. Beans were quite weak after an early advance, which touched off stop-loss selling, but on the break there was some local short covering, also some buying of the November future by a processor and a northwest house. More beans are said to be going into store. Corn was rather indifferent. It was reported that Norway had purchased 4,000 tons for shipment November 5th to 20th. As we stated earlier, the country sold a little more freely, and river elevators continue to buy old corn at 7 1/2¢ under, and were also able to buy some new corn in small lots at 10 1/2 under basis #2 delivered Chicago. This, of course, is a very cheap basis.

Flour demand is still slow, although a little replacement business is going on but nothing of a major character. We presume that before long there will be another spurt, but this had nothing to do with today's market, which finally firmed a little as pressure slackened. The December future still rules firm in comparison with the later months. Rye was very weak, and also in Winnipeg.

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CHICAGO, 4 October 14, 1955

Within the coming weeks a Conference of Nations will be held at Geneva to debate the world's supply problem. There will also be discussions as to whether the existing International Wheat Agreement should be kept in force. Secretary Benson recently stated in effect that with Britain having withdrawn from the pact, there is some doubt as to whether IWA still has the same value. The writer was asked to express his views in February of 1949 before the Chicago Association of Commerce. At that time he stated: "It binds the United States to commitments for a five-year period to countries whose financial and political stability is doubtful or threatened. While it purports to assure us an annual export outlet for 185 million bu wheat, any importing country may escape its obligations under the agreement if it can make a case for safeguarding its balance of payments or monetary reserves. Obviously enough, most of the importing countries could make such a case.... It is doubtful if agreements which attempt to forecast prices and price ranges over a long period of years can successfully resolve the conflict of interests between buyers and sellers. In the market-place these conflicts are resolved by the check book. In state trading, they may well contribute to international ill will."

The editor of the Liverpool Corn Trade news stated a few weeks ago: "No one seriously questions that the International Wheat Agreement has been an outright failure. It was designed as an alternative to the former free world market in wheat but has failed entirely to set realistic prices which might be expected to keep world wheat production in reasonable relationship with effective demand. What the years have shown is that, Agreement or no Agreement, importers will buy their wheat wherever it is most profitable for them to do so. In the years while the IWA has been operative, countries have grown as much of their own wheat as they wanted to grow, they have joined or withdrawn from the Agreement at will, they have altered their export or import quotas to suit themselves. When there was a possibility of prices falling to the minimum permitted under the pact, a number of importers pointed out that they would be unable to take up their quotas at those prices.... Canada and Australia have alleged that the United States has taken an unfair advantage in selling for local currencies or in return for military advantages. The latest move is for Mr. McEwen, Australia's Minister of Commerce and Agriculture, to complain of both Canadian and United States 'credit' sales of wheat to Japan, Poland, and other countries."

Primary receipts of wheat amounted to 1.4 million bu which compared with 1.2 million bu last week, and practically the same last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 215,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last season of 1 1/2 million bu.

There was not much strength to our market, although for a time beans were a little higher than the previous close, but that strength was short-lived, so it may have been based on the fact that country offerings overnight were not heavy, and there had previously been some reports that more beans were going into storage than were offered for sale. The country, however, is selling corn, and the basis was a little lower here in Chicago, We heard also that some new corn was booked for October 20th shipment from the country at 4 1/2 under Chicago December. During the week bean prices have declined about 12¢ per bu, while corn is down 5¢. Some of today's selling was for local and professional account, but there seems to be some discouragement owing to the fact that the crop reports earlier in the week turned out better than had been expected.

Broomhall indicates that wheat and flour shipments were only 1.1 million bu during the past week, although since July 1st they have amounted to 74 1/2 million bu compared with 55 million a year ago. Our corn exports during the first week of the season amounted to 2 3/4 million bu compared with only 3/4 million last year.

Trade was not particularly heavy, and flour demand was again slow, with current bookings barely 15 to 20% of capacity for the hard winter mills, while they were a little heavier for the spring varieties. We heard that another CCC tender next Tuesday would be made on 2 million bu of milo, and 50,000 bu of kaffir corn for reply Wednesday, October 19th.

Weather continues favorable over all corn belt areas. It is clear and the forecast is for the same type of weather over the weekend, which may also have had something to do with the weakness in corn and in beans. Rye was distinctly weak.

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CHICAGO, 4

October 17, 1955

There is very little in the statistical position of wheat, which changes from day to day, or even from week to week. We now have an estimate of winter and spring wheat showing a total yield of 915.5 million bu. This is a drop of 54 million bu compared with last season and a decrease of 239 million bu from the ten-year average; but still we are raising more wheat than can be used domestically, plus our probable export requirements; thus we shall add again to the carryover reserve next July. It is, indeed, unfortunate that the shipments which were experienced in the heavy post-war years are no longer possible, but, of course, that was a story that was almost too good to hold. For a time we were exporting more than a third of what we raised, and in fact, the equivalent of all the wheat that was produced in Texas, Oklahoma, Kansas, and Nebraska was sent overseas. Now that Europe is in a more comfortable position, and we are having more competition from Canada, Argentina, and Australia, we must be content with more moderate exports, although it is rather encouraging to find that so far this season we have done a little better than last year. This may be due to government efforts in selling grain abroad on basis of foreign currencies. Shipments of wheat and flour in grain equivalent during September amounted to 18.5 million bu; while they were about 6 million below August, they were nevertheless nearly 4 million larger than our exports in September, 1954. August was also a good month, and it may be that we shall be able to surpass the program of a year ago. Corn exports during September amounted to 9 million bu, and were more than double those last season, and brought the total to-date to around 90 million bu, as against 95.7 million for the 1953-54 season. Our exports of grain sorghums totaled 47 million bu for the season ending September 30th against only 15.3 million bu for the same period a year earlier.

Before our market opened this morning, there had been quite a number of rains in the corn belt east of the Mississippi, and this had not been predicted, but apparently the bad storms in the East have had something to do with the change in weather conditions. It should, however, clear by tonight, or at least by tomorrow, and we doubt whether the interruption of harvesting operations in either beans or corn is a very serious matter.

Our market did, however, open a little higher as shorts covered. In the early trading we heard of no better bid for corn than 5 under for either old or new, and that, of course, was not too encouraging. CCC sold an additional quantity of grain sorghums, and the total to-date has been rather substantial. They also intend to offer for sale on a competitive basis over an indefinite period of time some soft wheat, the quantity not to exceed 4 million bu, and this grain is presumably either at the Atlantic or gulf coast points. It probably is to relieve storage facilities, which are congested in those areas, and apparently room is needed to facilitate the holding, not only of other wheat in the interior, but also, other grains.

From Washington we hear that there is consideration being given to a proposal that would make US surplus wheat available for export as a feedgrain. As we understand it wheat would be commingled with other feed grains, but mills are objecting, and they cite the danger that foreign buyers would sift out the wheat and mill it into flour. They report that recent sales of light-test wheat had found their way into European flour markets.

The visible supply of wheat decreased 1.1 million bu, but there is still 421.7 million bu in total stocks here, or 20 1/2 million bu more than last year. Corn decreased 506,000 bu; oats decreased 590,000 bu, while beans on the other hand showed an increase of 1.1 million bu, with 7 1/4 million bu in the various markets. Chicago wheat stocks were almost a standoff, increasing slightly. Corn and rye decreased a little, but there was 1/2 million bu increase in the local bean stocks, and almost the same decrease in oats.

Markets were rather firm, the greatest strength appearing in beans, probably due to the weather. Wheat advanced a little in sympathy, but there was no real buying drive. There was hardly any flour sold over the week-end, and while costs have reacted to some extent, the decline is not sufficient to bring in much new buying. Corn was a little higher, but we believe it will be vulnerable on the advances. The Chicago corn-hog ratio is 11.7 this week vs 11.8 last week and 11.5 last year.

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CHICAGO, 4 October 18, 1955

In view of the fact that we are going to hear a great deal in the coming months about the sad plight of the farmers, we thought it timely to point out a few of the pleasant things which have occurred, and which are important, not only to his welfare but to that of the nation. According to the Department of Agriculture income per farmer is 11% greater now than it was in 1950. We presume that this is due in part to the smaller farm population, but by the same token they figure that the 1955 income is expected to be somewhat higher than it was in 1950, or five years ago. The total of all farm assets is $ 163 billion, which is a decline of only $3 billion from the peak. The total debt of farmers is $ 18 billion, which is only an increase of $2 billion in the last two years, but the debt of farmers amounts to only 11% of their assets. Furthermore, farmers own enough quick assets, such as cash or bonds, to more than pay off their debts. These, of course, are totals and do not reflect individual farm debt situations. Moreover there are seven out of ten farmers who have no mortgage debts whatsoever. Over 80% of the mortgaged farms are mortgaged for less than 50% of market value; over one-half are mortgaged for less than 30% of value. As we stated recently land values are going up and are now at a record high. This would indicate that there is no panicky selling due to farm depression. After a three year decline, the average per acre value of farm real estate is now back at the record peak level of November, 1952. Another good indication is that farm machinery purchases are up over 20% as compared with last year. Farm surplus disposals by the government in recent fiscal years have been: 1953, $520 million; 1954, $ 1,424 million; 1955, $2,115 million.

Another factor worth mentioning is that all of the surplus cottonseed oil stocks have been moved into use. The accumulation reached 1,186 million lbs at the peak, and all government-owned protein meals have been sold. In the dairy industry, butter surplus stocks are down from 466 million lbs to 114 million; cheese surplus stocks from 436 million lbs to 274 million; non-fat dry milk solids stocks are down from 599 million to 33 million; surplus seed stocks have been sold down from 363 million lbs to 19 million. This list is part of data obtained from the Department of Agriculture and is far from complete, but illustrates a few of the important phases of agricultural life and development. It is important to understand that livestock and livestock products bring to farmers about 55% of their income. Except for wool and dairy products there are no price supports.

Before our market opened this morning clearing conditions were reported over the corn and bean belts, and while this has been a slow process, it does look as though we might have several days of improved weather. This was not immediately recognized, and beans opened somewhat higher, but there appeared to be some selling following yesterday's heavy short-covering and a good deal of local buying. There were some fair bookings of barge corn at 10 1/2 under for old corn.

We now have a pretty complete picture of European wheat crop production. For sixteen countries the yields appear to be about in keeping with last year, and the total suggests a crop of 1,228 million bu vs 1,237 million last year, and 1,194 million two years ago.

The Canadian papers carried a press dispatch from Ottawa, stating that Secretary Benson had declared in his Kansas speech that the U. S. will not join the International Wheat Agreement this year unless Britain also joins. Our Canadian friends, who advised us of this development, said that the U. K. is rather lukewarm toward joining IWA.

Primary receipts of wheat today amounted to 1.5 million bu compared with 1.1 million bu last week, and 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 165,000 bu.

Our wheat market was depressed. There was some selling by a house that apparently serves a customers' analyst business. Fundamentally, however, the situation is weak. Exports come from government stocks, milling demand is poor, although there has been a slight pick-up, and impoundings are not sufficient to create much confidence. Corn was weak, the low prices at which elevators are buying suggest carrying charges, and there is nothing very constructive in the picture. Beans recovered from selling that occurred about mid-session. There was local buying, and apparently not much pressure. It seems that while farmers are selling a few more beans than last year that substantial quantities are still being placed in farm or elevator storage. Harvesting of corn, with modern machinery, is fast work once the producer can get into the fields.

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CHICAGO, 4 October 19, 1955

If one would take the time to chart the trend of farm income and national income since the beginning of the century, it would readily be seen that the two lines, except for short intervals, have paralleled each other rather closely, indicating that in a general way the incomes of farmers and non-farmers tend to rise and fall together. During the so-called base period, 1909 to 1914, farm income was at a higher pitch than national income, and it was probably for that reason that those who devised the original parity concept used this as their base with the hope that they could maintain that advantage on a permanent basis. During World War I, farm income surged ahead of national income, but the readjustment that followed brought the two together, and it remained that way for a long period until recently when we have had an unnatural distortion with farm prices falling while industrial activity has maintained an upward trend. Very often during wars and other inflationary times, farmers and most other groups enjoy increasing incomes but the variations are never too great, nor do they last too long. At the present time a larger share of workers are employed off farms, and their share of national income seems to be increasing while the farm share is decreasing. The latter in our opinion is due to a great extent to the piling up of supplies, which has created an unnatural situation.

It should be said, however, that the tremendous strides that have been made in farm production and labor productivity have had a great deal to do with the larger yields per acre, which have also featured in this cycle. During the past fifteen years total output of American farms has increased more than one-third. During the same period the number of farms has decreased 15%, and the number of people on farms has declined by 27%. Output per manhour of labor on farms nearly doubled, which is an average increase of more than 6% per year. Even with droughts and government efforts to control output, farm production has been as large or larger than the year before in each year since 1950. Turning to the shorter-term picture, we must also take into account that with acreage diversions from wheat and cotton, more land has been devoted to feedgrains. The result is that we have the largest supply of these feedgrains and other concentrates than we have ever had in our national history. Thus it is no wonder that the previous record of parallelism between farm and national income has been disrupted very largely because of artificial factors, and by the same token the solution to these problems will not be an easy one to bring about.

Before our market opened this morning the weather reports were all of a favorable nature, clearing conditions had set in and are likely to continue for several days, thus bean harvesting should progress without complications. It was not surprising, therefore, to have had a lower opening, particularly after a good deal of short covering during recent sessions. Wheat also was somewhat reactionary at first, and there was no encouragement whatsoever from the flour business, which is still pretty flat. As The Southwestern Miller points out, even moderately lower prices are not attracting much interest as had been expected.

The primary run of wheat was not particularly heavy, and amounted to 1.1 million bu; this was a little more than last week and compared with only 831,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 161,000 bu.

After wheat prices had gone down fractionally there seemed to be a little better sentiment, and some reactions followed the break of yesterday. Trade on the whole was light, and there was no important feature. Corn prices had been lower during the forepart of the session, but some export business was reported, hedges were covered in the pit, and the market finally did better. It is thought that Spain will be in the market for three cargoes of corn tomorrow, and this may also have had something to do with today's buying. Old and new spot corn sold at 6 to 6 1/4 under December, which is still very attractive to elevators, but the quantities involved are not big. Not much attention was paid to a further sale by CCC of milo to exporters, with 2 million bu changing hands, prices ranging from 1.82 3/4 to 1.84 3/4. We had some wires from two of our offices in Central Illinois in which they claimed that farmers were quite surprised that yields of corn were better than they had thought possible in August, and in some cases the outturn was 10 to 20 bu per acre better than expected.

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CHICAGO, 4 October 20, 1955

The first International Conference on the use of antibiotics in agriculture is now being held in Washington, to which the USDA is host. Delegates are there from our country and a dozen others to study new developments and exchange ideas. At noon today one of the important developments was the disclosure that an extra pig or two per litter resulted when diet of the mother sow was supplemented with an antibiotic during her gestation. Mr. N. R. Ellis, of the Department of Agriculture said: "The extra pigs were due to birth of more live pigs and better ability of the pigs to survive until weaned." It was also stated that several tests have indicated some beneficial carry-over effects in chicks hatched from eggs of hens fed on an antibiotic containing diet.

We have mentioned in previous letters that, despite the many statements of declining farm prices, our producers are still in a healthy condition. Farm foreclosures this year will be near the all-time record low of 1.9%. This compares with 17.4% in 1925, and 20.3% in 1935. Furthermore, the percentage of farmers who own their own farms is at a record high. In 1930 it stood at 57%, in 1940, 61%, in 1950, 73%, and we are advised by Washington that while the 1955 figure is not yet available a further decline in tenancy is expected. Our farmers are not opening any new lands for the production of their crops. Actually, the total cropland that has been harvested shows very little change during the last thirty-five years. In 1919, there were 348 million acres; last year the figure had actually dropped a little to 337 million acres. During this period, however, population has increased rapidly, and continues to do so at a pyramiding rate. Experts figure that in the 1950's our population will increase by 25 million persons compared to 9 million in the 1930's. This also has a bearing on the crop acres per person, which since 1919 has dropped from 3.3 to the present level of 2.1.

Before our market opened this morning, there was not too much to guide it, except that weather was satisfactory over the grain belt. It was clear everywhere with higher temperatures expected today and a little cooler tomorrow. State reports generally indicated good to excellent soil conditions Southwest, and daytime temperatures were favorable for planting and development of fall-seeded crops. Rapid progress is reported for most states. Weather in Europe has been cool over western and central sections, but seeding has continued. Some sections need moisture, while others have had rains.

CCC sold to exporters nearly a million bu red wheat located at seaboard points, and the price was far below cost, and figured about 25¢ below IWA cost. These transactions were put through apparently to make space for other grain in the interior, but because of the cheap price at which this wheat was sold it will naturally interfere with competition from private channels where similar quality is involved.

Primary receipts of wheat amounted to 1.2 million bu which was practically the same as last week, and compared with 876,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 464,000 bu.

Trade today was not very brisk, but the wheat market was rather firm, and a counsellor agency which we reported as presumable seller a few days ago bought this morning; this was the main buying which brought about an advance after early weakness. Offerings of corn and beans from the country picked up a little; however, pressure was not very great. Beans were somewhat weaker, but there was some local buying in corn, and there was also covering of hedges, which may have been against export sales to Spain, the cash trades of which are expected to be consummated within another day or so. There was a continuation of poor flour business, although a little improvement was noted in soft winter bookings.

Top agriculture officials of United States and Canada are meeting in Washington to discuss mutual grain problems, and no doubt our sales for foreign currency are cutting into Canadian markets, but whether much can be done about this competition or about the continuation of IWA remains to be seen.

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CHICAGO, 4 Oct 21, 1955.

Weather at the moment is very favorable throughout all grain belts for the completion of harvesting of corn and beans, and also for the finishing of fall work in the winter wheat area. The Kansas weekly report states that weather has been favorable for the planting and development of fall-seeded crops, and that seeding of the 1956 wheat crop has continued to make rapid progress. Seeding has been completed in most western counties, and rapidly nearing completion in the central third and northeastern counties. Emergence of the crop has generally been good, with a minimum amount of reseeding necessary. Stands in western counties have made excellent growth. The Oklahoma report mentions that soil moisture conditions are excellent, and vary from adequate in the northwest to excessive in some southern areas. Wheat is virtually all planted in northwest counties and in the eastern half of the state. In other areas planting is going ahead as rapidly as fields dry out, although a large part of the acreage is still to be planted in southwestern counties. Farmers throughout the Southwest have moved with exceptional speed in their planting work, and the new crop seems to be off to a good start.

The future of the International Wheat Agreement is being discussed at the U. N. Conference in Geneva. Apparently governments and peoples are becoming more realistic and practical on this wheat question. In retrospect, the arguments originally used to launch IWA do not seem to have been borne out by the seven years' experience. As Broomhall points out, the IWA has been an outright failure. It has been unable to set realistic prices which might be expected to keep world wheat production in reasonable relationship with effective demand, and generally speaking, exporting countries have guaranteed too high a price for their own growers, and have encouraged levels of production elsewhere which had not been contemplated in prewar years. Experience shows that, despite the agreement, importers will buy their wheat wherever it is most profitable for them to do so, and nations are coming more and more around to the view that the ultimate solution of the wheat problem will depend, as it did in the past, on an ability to compete for trade and on an ability to persuade importing countries that it is more economical to import wheat than to grow it themselves. In pre-IWA days, the free market, with its "futures" trading, involved methods to maintain a continuous market. Prices quoted were always symbols of the actual and future relationship of world supply to demand, and when that was changed by government controls, there was also destroyed a very valuableprice guide, which might have influenced growers and tended to keep supplies in reasonable sight of effective demand. Some guarantee should be given to growers to prevent disastrously low prices, but government activities should be limited to helping and encouraging the market to function properly and to intervene only when prices fall too low. The national price minima in the future should be set at a point to discourage overproduction.

Also, according to Broomhall, exports of U. S. wheat and flour on July 1st through October 15th have been 74 1/2 million bu vs 65 1/2 million a year ago. Exports from the six important countries since August 1st have totaled 138 million vs 161 million the previous year. The U. S. has shipped 3 million bu more than last year during that period, while Canada has exported 20 million bu less. Argentina has shipped about the same quantity, while Australian exports increased 3 million bu.

Primary receipts of wheat today totaled 1,095,000 bu vs 1,394,000 bu a week ago, and 728,000 bu on comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 601,000 bu. When the visible is posted on Monday it will compare with a decrease last year of 2,206,000 bu.

Flour business still remains extremely light. There seems to be some family flour replacement developing, although not heavy. After the close this afternoon stocks of grain in all positions will be issued, with the exception of beans, which will not come out until October 28th. Some of the down-state processors seem to be pretty well supplied with beans for the moment, and show a rather indifferent attitude, with bids a little on the easier side. There were about 1,200,000 bu of corn sold to Spain overnight. Spot corn in the Chicago market was selling at about 8 1/2 to 9 under December. Weather over the weekend is forecast as rather favorable for harvesting, and beans and corn were under

pressure during the major portion of the session.

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CHICAGO, 4 Oct. 24, 1955.

After the close of the market on Friday, the Agriculture Department reported stocks of grain in all positions, and the amount of wheat was given at 1,739 million bu vs 1,676 million the previous year. Taking into account larger exports this season than last, it would indicate that our domestic disappearance had probably been 17 million bu smaller, and we believe that this is due largely to the smaller amounts fed, although there is some possibility that because of late seeding of the winter wheat crop, part of the discrepancy will be madeup. It is, however, difficult to estimate whether farmers set aside a certain amount of wheat that they intend to use for seed; therefore, we do not have the complete picture at this time. In corn the carryover reserve was given at 1,024 million bu compared with 919 million the year before. Thus it is quite obvious that even with last year's poor crop, we increased our carryover by 106 million bu, and it is, therefore, safe to assume that unless wehave a much larger disappearance this season, we shall again add to our reserve stock and may wind up with a 1 1/4 billion-bu figure one year hence. It is rather difficult to come to any other conclusion as our corn crop this year was 5% more than last year. We also have 134 million more oats on hand, while barley stocks are 41 million bu greater than a year ago, all of which is adding further to our feed grain supplies. In addition to this a hay crop of 109.9 million tons is a record high and 15% more than last year. Moreover, sorghum grain, according to the last estimate, was 229 million bu, or 12% greater than a year ago.

Looking at the picture as objectively as possible, we cannot see anything very bullish in it except that there have been some pretty sharp declines lately, and there is always the possibility that political events may bring about some change. We note already that some of the Democratic leaders are urging the return of 90% of parity loans, although in our opinion this would merely withhold supplies from the market artificially and would not in the final analysis be a solution. We have already large quantities of grain in sterile account. For example, CCC owned 926 million bu wheat in all positions on October 1st, and this constituted a fairly large percentage of the last carryover.

Before our market opened this morning some light to moderate showers had been reported over the corn belt area, but mostly in northern portions. Fair weather is now expected to prevail but lower temperatures generally, with frost and freezing thermometer readings in northern portions of the corn belt tonight.

The American Soybean Association toldof farmers generally selling a considerably larger percentage of the crop than they did a year ago; also, they mentioned the fact that practically all processors had their storage filled, whereas last season at this time they were still bidding, hungrily for beans. In Minnesota quite a few beans are going into storage, and this may be true in other areas where the present price is close to or below support levels. CCC also published its corn stocks, indicating 681 million bu held, which is a fairly large percentage of the carryover reserve, while the CCC rye stock was 7 million bu out of total stocks on hand October 1st of 37.7 million bu.

When the visible supply of wheat was posted there was a decrease of 2,374,000 bu. Total stocks in the various markets have declined to 419.3 million bu, but there is still 20.3 million bu more on hand than last year. The U. S. corn visible increased 391,000, but there was a decline of nearly 1 1/2 million bu in oats. In beans there was an increase of nearly 4 million bu, indicating that the movement is well under way. Total stocks of 11.1 million bu compare with 6.4 million bu last year. Here in Chicago, wheat stocks declined to 16 1/2 million bu. There was a local decrease of nearly 1 million bu in oats, while the bean stock in Chicago increased to 3.6 million bu.

There was firmness in beans today, and there seems to be a somewhat improved sentiment after the break, some people feeling that as long as the price stays reasonably low, export business will be heavy, and the European demand for oils will continue.

At a meeting recently between U. S. and Canadian officials in Washington, Secretary Benson pointed out that while we were pursuing an aggressive program of selling and disposing of surpluses, we have tried right along not to disrupt the world market. We note that some sales of cotton and wheat from this country to Brazil are being planned. The Brazilian deal is for shipment of 500,000 tons wheat now and 300,000 to follow. We hear that payment will be made in Brazilian currency, but without any guarantee by Brazil that it will maintain the value of its cruzeiro at redemption rates. Wheat was somewhat lower, at least for the nearly futures, although new-crop months were firm, and there is also the possibility of political agitation for a return of the 90% of parity loans.

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CHICAGO, 4 Oct. 25, 1955.

Secretary Benson has been importuned for some time to do something to halt the drop in hog prices, which have been slumping all year, with present prices averaging about 30% below 1954 levels. The Pork and Hog Industry Committee has also recommended recently that something be done, and they have suggested that if prices sag much more the government should stand ready to buy hog products. During the past few weeks prices in Chicago have dropped to the lowest level in ten years. This we believe was the reason that the Secretary launched a program to buy as much as $85 million worth of products, and these purchases will be made in installments that may last until next August. The Department expects to find a home for as much as 170 million lbs pork products and 30 million pounds lard. It should be noted that one week's production is about190 million lbs pork and 45 million lbs lard. Mr. Benson insisted that the Department should not make purchases of which it cannot dispose in the immediate future. They seem determined not to start a program that might result in spoilage of food, or in the building up of stocks that might depress the market at some future date.

According to Prof. Norton of the University of Illinois, accumulating supplies are pushing down the price of major products of Illinois farms. Current lower levels of grain and hog prices are the logical outgrowth of postwar farm programs, according to this expert. He warned those responsible for farm programs to clearly recognize that any attempts to support prices of any agricultural commodity above its real value will lead to accumulations that depress both price and incomes. He pointed out that some products have been held at higher levels than they could be sold. The results, however, were only temporary and created a false sense of values, which caused some farmers to assume debts that caused trouble later, and also, there was the piling up of large stocks of wheat, cotton, corn, and other feedgrains that are now weighing on the market.

In spite of the news this morning, hogs in Chicago opened 50 to 75¢ lower with the top at $13.35. However, lard opened quite strong, and this may have been in sympathy with higher prices for beans and corn, which were affected by the very light country offerings. There was also a report that Israel had purchased a cargo of soybeans for March shipment, but otherwise there was not very much news. Weather was clear over the grain belt. The outlook is for somewhat higher temperatures but very little moisture, and the five-day outlook is for the same.

Primary receipts of wheat were somewhat over the million bu mark compared with 1 1/2 million bu last week, and 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 36,000 bu.

Markets were all on the firm side this morning, despite the fact that there was rather heavy liquidation by a local professional who seemed to have sold wheat, corn, oats, and oil. This, however, was pretty well absorbed. The bean market was reasonably strong, with further export business in oil, which attracted some attention. Corn was also stronger, and the country movement was light. There has been some disgruntlement due to the big discounts, but by the same token a good deal of the elevator space is filled, and we find in Iowa that corn is 85% picked compared to only 35% normally for this date. The corn harvest seems to be pretty well advanced generally, and recent weather has been favorable.

When the market turned upward, there was some stop-loss buying in beans which met rather light offerings. The flour demand was slow overnight, but the market reacted after several sessions of lower prices. New-crop futures were again strong, and of course there is always a possibility of some political insistence on higher loans. It was reported that Greece had bought 2 1/2 cargoes of hard wheat for November shipment, but this apparently did not have much market effect. Trade in corn was large, and the selling of the past few days has been well taken. However, demand is not active.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 26, 1955.

The hog market was strong to 25¢ higher this morning, following yesterday's low price, which had established a 13-year record onthe downside. It is difficult to believe that the government program that will gradually buy up the equivalent of about one week's consumptive supply will do a great deal to correct the present situation. The slaughter of hogs is expected to top figures of a year ago, and some authorities believe that it may be as much as 10 to 15% greater during the next nine months. Such a projection would indicate that hog prices will very likely continue substantially below the levels of a year ago. According to one authority: "Next year's spring pig crop may be smaller than the 1955 crop. This ties in with the small decline from last year in the number of sows corn belt farmers intend to have farrowing during the winter months --December, January, and February. In past years when the pig crop was expanding these early months have usually shown the largest increases." This naturally brings up the question as to what price corn will command in the marketplace. With low prices for hogs and eggs the feeding opportunities are not too great, but, furthermore, we expect that the carryover reserve one year hence will be greatly increased and might amount to 1 1/4 billion bu, based on approximately the same disappearance as we had during the past year. Beyond that disposal policies of CCC may again dominate the corn market, as that agency controls about 80% of the carryover.

Assistant Secretary of Agriculture Paarlberg stated a few days ago that the accumulation of stocks provides an effective barrier to any substantial rise in farm prices. Attempts to reduce the production of corn, wheat, and cotton (which make up three-fourths of total CCC investments,) through acreage controls, only bring about larger outputs in other crops, largely feedgrains, etc. He also pointed out that despite the large volume of surpluses which had been moved during the past year, total CCC obligations had increased by about $2 million worth. That seemed to be an indication that the job of reducing stocks to more reasonable levels is a sizeable one that requires careful long-term planning.

Before our market opened we had advices from downstate that country offerings of corn and beans were light, although a little more corn seems to be coming out on advances. Harvesting operations of corn are progressing very satisfactorily, and for Iowa a record rate was reported with the crop in many localities pretty well in. Weather was clear again overnight and will probably remain that way. Mild temperatures continue over all sections of the grain belt, although it has been cool in South Atlantic states.

We heard this morning that CCC had sold exporters 500,000 bu No. 2 red winter wheat, FOB New Orleans, and 170,000 bu FOB Mobile, prices ranging from $1.30 to $1.32. This was a few cents higher than the previous sale but still an extremely low figure.

Primary receipts of wheat amounted to a little over 1 million bu which compared with 1.1 million bu last week, and 853,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 104,000 bu.

There were all kinds of conjectures early in the day that the government might tighten its selling program with respect to corn. Considerable doubt was expressed by those close to the CCC that a change in plan was being considered. However, at about mid-session Agriculture Department officials announced that they would temporarily stop their selling program on export corn in an effort to bolster domestic market prices. It was intimated that this would only be done during the corn harvest period, and was intended to spur exporters to buy their requirements through commercial channels. These officials also stated that they would probably tighten up on domestic sales of corn which is either out of condition or in danger of going bad. This definite news, as well as the preliminary suggestions, caused considerable short covering, and the market was quite strong, although best prices did not hold. It would seem to us that unless the program is made permanent for political reasons or otherwise that it will not have too much market influence, and that finally it might even cause foreign sales to diminish.

Of the 16 1/2 million bu of wheat in commercial stocks here in Chicago nearly 8 million bu is comprised of CCC stocks of grain, so that we do have some artificial factors with which to reckon. Beans were a little erratic, being both weak and strong at times. Weekly crop bulletins from the various states were mostly optimistic, although before long they probably will want more moisture again in parts of the Southwest.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 27, 1955.

During a period of this kind, when we hear so much political talk portending to give a "cure-all" for agricultural ills, it might be well to pick up a book by Geoffrey S. Shepherd, Assistant Professor of Agricultural Economics at Iowa State College, who views matters objectively and without any political ambitions. His theory is that the only way to raise prices over a period of years is to increase the demand or decrease the supply. On Page 81 of his book he states: "When storage operations are used in an attempt to raise prices over a period of years higher than they otherwise would be, consumption is reduced, production is stimulated, and stocks accumulate. This accumulation continues until storage facilities are overburdened and embargoes have to be applied, or storage charges become burdensome, or deterioration of the commodity begins, or diversion to lower uses has to be undertaken, or two or three or all of these things happen together. None of them are economic, and any one of them reflects discredit on the program. The only economic remedy consistent with the national welfare is to lower the loan rate to the point where it will smooth out fluctuations in prices without raising the longtime level of those prices."

With all due respect to others who are possibly sincere in trying to help the farmer, it must be admitted that new economic thought is not developed overnight. Secretary Benson has long been of this opinion. He compares agriculture with the human, healthy body, which he says requires careful diagnosis and prescription, but unfortunately he is cognizant that there are still those who think in terms of patent medicines. Mr. Benson asks: "Shall the primary reliance of American farmers be on what government subsidy, regulation, and control can do for them -- or on what programs of research, education, marketing, regulatory services, and the like, can do to help farmers do a better job -- to help them to help themselves? Shall we emphasize price and dollars to the expense of markets and efficiency?..... But isn't it also true that we need to recognize that there are some things price supports are incapable of doing? They cannot by themselves improve the efficiency of farm methods. They cannot create a market for a commodity if the support is pricing the commodity out of the market. They cannot provide adequate income where production itself has to be cut down too far in order to keep prices near the support level."

The inescapable truth is that the U. S. farm plant has been so improved that it now produces more than we can eat, use, wear, smoke, or export without stepping on the toes of some friendly nation. Perhaps more of our surplus farm production might be exported if that production could be patterned to items for which there is an actual demand. This was formerly possible when we had a reign of genuine prices that fluctuated according to supply and demand factors. In other words, when prices declined as a result of inactive inquiry for such goods, the farmer stopped raising those articles and attempted to satsify the market for other commodities which were needed. Unfortunately this can no longer occur when prices are held artificially and there is no way for the producer to appraise the symptoms of most urgent demand.

Primary receipts of wheat amounted to 1.1 million bu, which was practically the same as last week and last year. So far this week Kansas City and Minneapolis show a total decrease of 183,000 bu.

There was not a great deal of grain news overnight. It looks as though some showers would occur over eastern sections of Kansas and Oklahoma, which would be favorable now that seeding operations are about completed. There may also be some moisture over the corn belt, but weather is not too much of a factor at the moment. Yesterday's short covering weakened the technical position of the market, and the government's move to withdraw from the selling of corn, does not enhance export possibilities, although some private business has been made possible. Premiums for spot corn are still about 9 1/2¢ under. In the final analysis we doubt whether the farmer will benefit much by the temporary change. Everyone knows that after the first movement is over there will again be efforts to sell the huge accumulated surplus, and it hangs like the Sword of Damocles over the market. Flour business was slightly improved, but volume is still quite small. As for beans, they ran into some stop-loss buying at one time, and early prices were higher. Later there was some profit-taking and the market closed lower. A local operator sold December wheat and the nearby future lost a little ground as compared with later months. We understand some wheat which had been carried here was sold back to elevators.

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CHICAGO, 4 October 28, 1955.

When it comes to parity we are very much reminded of a statement attributed to Mark Twain, who once said that everybody talks about the weather but no one does very much about it. This is true of parity except for its transitional feature. There is a great deal of debate these days as to whether loan prices for the basic commodities should be 90% of parity or at some lower level, but no cognizance whatsoever is taken of the fact that, while we are trying to maintain the same living standards for farmers at the present time as those which prevailed during the base period, 1909-14, the main consideration should be how much return the farmer gets from each acre of land rather than a determination of the actual price per bushel. For example, during the base period we raised one year as little as 22.7 bu corn per acre, and the average in the five-year period was only 26.04 bu per acre. Let us contrast this with production this season when the farmer obtained 38.6 bu corn on each acre of land for a total of 3,117 million bu. Even if we take the ten-year average, farmers are producing about 36 1/2 bu corn per acre; so average yields are running fully 10 bu more per acre than the so-called "Golden Era," (1909-14), and this season are running better than 12 bu more per acre, which is a big item to the farmer, seldom mentioned, and probably not even recognized by all grain men. Certainly most of the economists, and all of the politicians, have ignored this feature completely.

The same comparison might be made for wheat although to a lesser degree. During the base period, the average yield in this country was only 14.2 bu per acre, while this season indicated yield per acre is 19.3 bu. Thus farmers are getting 5 bu more on every acre of land, which amounts to probably $10 per acre -- also something completely ignored; therefore, the present computation in our opinion is neither honest nor fair. If we come to oats there could also be a similar comparison as the average yield per acre during the 1909-14 era was only 29.4 bu, while this year the indicated rate is nearly 39 bu per acre. In our opinion any discussions on parity that rule out these axiomatic factors present a sylogistic argument on which the major premise is false.

Before our market opened this morning, there was not much to guide it. The expected corn business to Italy had been postponed, but there was a report that Japan had bought a cargo of soybeans for December shipment, and that Norway had purchased a little less than half a cargo of hard winters. It seems pretty well established that one of the parties who had been carrying a good deal of cash wheat here for some time has either sold or is in the process of selling his holdings. It is the general talk that elevator concerns had bought back this wheat, and we know of a few subsequent sales that have been made to mills, which would figure actually lower than December price in store. Early trades in cash corn were reported at 9 under.

From Canada we had reports that the Canadian Wheat Board had sold 2 million bu feed wheat to exporters and to the Canadian domestic trade.

Our Agriculture Department has apparently halted its selling program on red wheat, stating that the storage congestion now is less severe. On October 14th, there was said to be 4 million bu red wheat at Atlantic or Gulf ports, and of this quantity 1.6 million bu at the Gulf was sold but offerings on the balance have been withdrawn. Reports from Washington had it that Mr. Benson is preparing to take other commodities under his wing besides pork, in an effort to help prices. Mention has been made of poultry products, but eggs specifically.

Primary receipts of wheat today amounted to only 890,000 bu, which compared with 1.1 million bu last week and the same last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 169,000 bu.

When the visible supply is posted on Monday it will compare with a decrease last year of 4.2 million bu.

Trade was rather moderate but there was an easier feeling in most cereals. Shorts have covered pretty well, and there are no new buying incentives on the constructive side of the market for beans or corn, unless they would come from artificial developments. The meal market is weak to the extent that there is pressure on nearby positions. We look for rather liberal deliveries on November bean contracts, and first tenders will be made on Monday. Hog prices were higher again, and there seems to be a little holding tendency on part of farmers, but this apparently did not have much influence on corn. In fact, that market ruled lower. Brokers with northwest elevator connections were pretty fair sellers of March corn during the session. Mills were reported as doing only a small flour business; wheat was fractionally lower, and trade was very light.

Am embargo was placed on grain, soybean, and flax shipments at New Orleans by the Association of Railroads. This, however, does not affect barge shipments.

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CHICAGO, 4 October 31, 1955

There was a good deal of news over the week-end. Secretary Benson had flown to Denver, and in the company of Milton Eisenhower they discussed with the President farm policies for about half an hour. As a result of the Conference, Secretary Benson received wholehearted approval of his program embracing flexible supports, but it was also stated that a special message early in January would be sent to the Congress recommending a number of points to better agricultural conditions.

The first would be to step up the disposal of the government's surplus hoards, including an expansion of exports. We shall stop there for a moment to discuss that phase of the program. The grain industry is wholeheartedly in favor of such action, and in fact, before artificial measures were adopted we did, through normal practices, export virtually all of our surplus at a price at which the world was willing to accept them. For the past several years every country has adopted a scheme which was virtually one of dumping. It was not so admitted but under our subsidy program we are giving away about $200,000 on every cargo shipped under IWA, and naturally that has heightened the competition with other countries. Just last week Argentina responded by devaluing the peso by 23%, which they hoped would have an important bearing on stimulating exports. This no doubt will react upon us in due course of time. Canada has also cut her price without cutting the value of her money. This has been truer with respect to feed wheat than breadgrain, but, nevertheless, it did have its influence here. On Friday they reduced prices on lower grades of wheat by 2 1/2 to 5 1/2¢. The result has been that feed wheat now being sold by the Wheat Board has created a better outlet and 2 million bu was sold on one day. The new price of $1.14 represents a decline of 23¢ since September 1st, and of course makes this wheat highly competitive with offerings of other feedgrain. It is expected that further sales of #5 and 6 wheat will also result from these price concessions. Therefore, we say that as long as these other countries also have surpluses, it will not be an easy task to get our grain into foreign markets without offending others. The second proposition of affording more soil conservation and incentive payments to farmers who put land into grass, trees, and forage instead of surplus crops seems to have greater hope, but will cost some money. This is intended mainly for farmers with low incomes. New uses for farm products and new crops with expanding markets and promoting a program to get better use of land are extremely worth while and should more than bear fruit. We wish not only this administration, but any legislators who are helping toward a permanently better agricultural status the greatest success.

Obviously it is a little more difficult to find solutions when we are faced with these tremendous reserves. Our government now owns 1 billion bu wheat and 1 billion bu corn. It owns more than 6.3 billion bales of cotton, 161 million lbs. butter, 278 million lbs cheese, 11 million cwt rice, and many other commodities for which the present demand is insufficient. We must face the fact that we are producing 44% more today than we did before World War II.

After the close of the market on Friday we had new parity prices, which were unchanged from the month before. We also had the carryover reserve of beans, showing 10 million bu, which, when added to the prospective crop, gives us a total supply of 384.8 million bu, or nearly 41 million bu more than we had a year ago.

USDA now estimates that the wheat carryover next July will rise to 1,043 million bu, and pessimistically they add that thereafter reserves will be whittled down slowly if at all. In reaching a figure of 1,043 million bu, they plan on 624 million bu wheat for domestic needs, which is about 42 million more than last season.

When the visible was posted wheat showed a decrease of 3 million bu, making total supplies 416.3 million, or about 21 1/2 million more than a year ago. Corn increased 3 million bu, giving us total supplies of 22.8 million vs 17.8 million bu last year. Beans increased 4 1/2 million bu giving us 15.6 million in total, or almost 9 million bu more than a year ago. Stocks of wheat in Chicago decreased 337,000 bu, leaving 16.1 million in this market, while beans increased slightly more than 1 million bu, making total stocks here 4.7 million bu.

There was a friendlier sentiment in all pits, probably because of the Eisenhower --Benson statement, in which the administration's desire to take some action to help prices was stressed. On the advance there were a number of stop-loss buying orders uncovered and although some profit-taking occurred, there was

additional buying at the close and final prices were very firm.

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CHICAGO, 4 November 1, 1955

In the wake of the conference between Secretary of Agriculture Benson and President Eisenhower during the week-end, whereby it was stated that a special message would be sent to the Congress early next year recommending a number of points to improve agricultural conditions, have come reports from the hearings being held by the Senate Agriculture Committee in the Northwest, as well as a plan unveiled by the Chairman of the House Agriculture Committee, at a meeting at Wichita, Kansas. At the hearings being held in the Northwest, the Chairman of the Senate Agriculture Committee, predicted that a new farm price support bill will be one of the first major measures before the Senate next year, and that the Committee would complete its task of writing a farm bill in January. This morning we heard that Representative Hope, Chairman of the House Agriculture Committee, expects to put before Congress a program that in his words "would relinquish all controls on acreage allotments and permit wheat to be sold on the broadest available market the world over." According to his plan the farmer would be issued wheat certificates by the USDA that would entitle him to collect the difference between market prices and parity prices on his present alloted acreage. The farmer could market his wheat when he wished and would receive a certificate representing the difference between the price at which he sold it and parity. Mr. Hope also said that the advantage of the proposed program is that it would permit surplus wheat to be marketed on a broader basis instead of being stored in bins. This is somewhat comparable to the proposal for a two-price system on wheat, whereby a farmer would market all of his wheat at market prices and be entitled to collect from the government the difference between market prices and the support level on that portion of his production allocated for domestic use.

The Agriculture Department has predicted that the farmer's share of the consumer food-dollar will get a little smaller in 1956. Out of every dollar the housewife will spend for food next year, the agency forecasts farmers will get 40¢ compared with an estimated 41¢ take this year, and 43¢ in 1954. As the farmer's share goes down, the portion middlemen get goes up correspondingly, and according to the agency, prices received by farmers for food products in the July-September period averaged 7% below the like period of 1954, while charges for processing and distributing these items averaged 3% higher than in the third quarter last year. Because of this increase, less than half the drop in farm prices was passed on to consumers. The Department also indicated farm prices next year probably would average below this year's levels and at the same time the cost of performing marketing operations is likely to increase next year. The estimated 40¢ share of the food-dollar farmers are expected to get in 1956 is the same as in the third quarter of this year.

Rainfall was inconsequential overnight over the grain belt areas and temperatures have fallen decidedly over the northwestern states, and to a lesser extent Southwest, and are now generally below normal for the season. Some rain and snow is looked for Southwest, also some light showers this afternoon and tonight over the corn belt. According to the Government weekly grain report, corn is 90% harvested in Iowa --three weeks ahead of average, and 72% picked in Illinois. Ohio reports over half the corn still in shock or standing in fields because of previous wet weather.

In export circles it was reported that Italy bought two cargoes corn, one January and February, and this completes their purchases. It was also reported that the U K had bought parcels of corn probably aggregating a cargo. ICA allocated Greece $5 million for breadgrain purchases from the period November 2, 1955 to January 1, 1956, delivered by March 31st.

According to The Southwestern Miller only a small amount of flour has been sold from day to day, and interest has slowed down somewhat indicating fairly wide-spread tendency among bakers to work balances down further instead of booking replacements. Export flour is draggy.

Primary receipts of wheat were 1,161,000 bu vs 1,073,000 bu last week; we have no comparable figures for last year as it was a holiday. Corn primaries were 3,691,000 bu vs 3,343,000 bu last week. Receipts of beans were 1,249,000 vs 1,459,000 bu last week. So far this week Kansas City and Minneapolis wheat stocks have decreased 240,000 bu.

Both wheat and beans were higher early, but later reactions took place. Corn and oats showed some firmness, with cash basis on corn improving slightly to 8 1/2¢ under for better billing.

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CHICAGO, 4 November 2, 1955

The maintenance of sound economic growth is never an easy process, and after a rise of 9% in activity during the past year, our economy is now operating at close to capacity. According to a report of the Chase Manhattan Bank, the gross national product in the third quarter of 1955 was $391 billion compared to $359 billion for the like period of 1954, while consumer spending rose from $238 billion in the third quarter of 1954 to $255 billion in the same period of 1955. Further our activity during the past year rose at the rate of $8 billion a quarter, which is more than twice the normal growth of our economy. This rise in activity was supported greatly by the expansion of credit, and if demand should continue to increase at an $8 billion quarter rate, there would not be enough goods and services to go around, and, consequently, would result in inflation.

However, several moderating forces are now at work. The Federal cash budget is likely to show a surplus of $2 to $3 billion in the current fiscal year. The government's monetary policy is designed to slow credit advance, and the major impetus from the rise in inventory buying is behind us. On balance, it would appear that for the near term, at least, the best working assumption is that demand will continue to press against the economy's capacity. Although monetary authorities have moved to tighten credit, their objective is not to make credit unavailable but rather keep credit expansion within the limits that a growing economy can support without inflation.

The farmer's position in our economic climate is important in that a healthy farm economy is essential for sound prosperity. Both farm prices and farm income have dropped considerably from their boom levels in early 1951, and the decline has continued during the past year despite the pick-up in business. However, the farm population has also dropped, while the farmer's income from non-farm activities is up. Total per-capita farm income is down less than 4% since 1951, while at the same time net income per farm after adjusting for prices is more than twice the level of 20 years ago, and the farmer's finances remain strong.

The decline in farm income has occurred primarily because farm production has grown more rapidly than the demand for farm products, and although the total amount spent by the consumer on food is up, most of the increase has been absorbed by higher marketing and processing costs. Meanwhile, farm production has been rising rapidly -- and for several reasons. Mechanization of farms has developed to a point where we are now using twice as many tractors, four times as many grain combines, and five times as many corn pickers, as we did 15 years ago. Farms are larger -- the average farm is now 40% larger than in 1935. In addition, farm technology has made tremendous strides with better seeds, livestock, insecticides, and antibiotics in use.

In spite of the fact that farm population is down 10 million since 1935 -- from 32 million then to 22 million now, productivity has sky-rocketed, and while in 1900 one farm worker produced enough to feed himself and six other persons, today he can support 18 people. High fixed support levels have likewise encouraged heavy production of basic crops, thus adding to rising surpluses.

Our problem is now that of finding measures which will move these surpluses into consumptive channels either at home or abroad without unduly disturbing either domestic prices or world markets, and at the same time continuing a healthy and stable farm economy. The solution will not be easy to find and will undoubtedly require intelligent and non-partisan thinking.

When our market opened there was not too much in the way of news to guide it. There had been considerable rainfall mixed with snow over the corn belt, and some moderate rain and snow over portions of Nebraska and Kansas. Further precipitation is looked for both in the Southwest and over the corn belt, with temperatures becoming considerably colder.

Markets were firm throughout most of the session, and apparently a friendlier feeling has been generated. While we feel it is rather early for political considerations to have much effect on markets, it is likely that there are those who anticipate some government action taking place in the future in an effort to improve the farmer's position.

It was reported that CCC had sold exporters 1 million bu of milo FOB Texas Gulf ports, and also that Yugoslavia had been allocated $17,900,000 for the purchase of 300,000 tons of U. S. Wheat. Norway was reported to have bought 4,000 tons #2 hard wheat FOB the Gulf.

The spot corn basis improved slightly again and is now 8 under the December.

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DAILY MARKET LETTER

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CHICAGO, 4 November 3, 1955

In the ten-year period prior to World War II, the average annual shipments of wheat and flour from the U. S. amounted to only 75 million bu. In that era we were furnishing only 10.6% of total world import requirements, which amounted then to only 710 million bu. Canada was doing the largest share of the business, furnishing 28.3% of the total, Australia 16.1%, Argentina 18.3%, Eastern European countries 12.5%, while sundry countries made up the balance, which was 14.2%. In making comparisons we shall leave out the immediate postwar period when our shipments were exceptionally large, but we are looking more particularly at shipments during the last five years, which is a truer relationship of what is taking place. We find that in the years 1950-54, inclusive, our annual wheat and flour exports have averaged 309 million bu, which is more than four times as great as it was during prewar days, and we are now preeminent in the field, supplying 32.1% of total requirements, which have been stepped up to 962 million bu. We have gone ahead of Canada to a slight advantage, while Australia and Argentina have dropped off materially. It is true, of course, that we have been able to do this very largely because of subsidies and other artificial factors. For each cargo of wheat that is sold abroad under IWA, it means that the taxpayer is being assessed for this program by about $200,000 per boat. Nevertheless, it does show that we have not been asleep at the switch, although we are undoubtedly treading on somebody's toes, having come from the smallest provider of wheat and flour to the very largest; thus we cannot be accused of having left any stones unturned in an effort to help to reduce our accumulated surpluses. The inescapable truth may clearly be summarized by saying that prewar wheat crops in this country averaged only about 740 million bu, while at the same time we have been raising billion-bushel crops almost continuously since 1944, with three or four exceptions when the level dropped just under that figure.

It should also be borne in mind that because obesity has been stressed to such a great extent, our diet has changed materially and fewer foods containing high starch content are being consumed. In other words, we are not consuming any more wheat in the form of bread, flour, cereals, etc., with a population of 165 million people than we did a decade or two ago when our population was very much smaller. It is also to be noted that in the present decade our population will probably increase by 25 million persons, which far outranks any other similar period in history. In terms of food, this means that 20 million tons more will be needed than heretofore. Nevertheless, bread is not one of the items which apparently is sharing in the added food consumption column.

Before our market opened this morning, there was not too much to guide it. Snow and rain had been reported rather generally over the corn belt, and offerings of soybeans and corn from first hands were anything but heavy. However, we find that stocks of beans in processors' hands are large. Also, we have nearly 5 million beans in Chicago, and the recent deliveries on November contracts are still circulating but the beans seem to be going back into the hands of elevator concerns at practically a full carrying charge. It would look to us as though the spread between March and May would widen as a result of this situation.

Primary receipts of wheat amounted to 802,000 bu compared with 1.1 million bu last week and a little over a million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 465,000 bu.

Markets were a little easier at the start, but firmed up, particularly beans which showed a good recovery. One of our friends in the East told us he did not see much chance of our selling feed grain to Russia due to the fact that both Bulgaria and Rumania were offering corn to them. Rumania has a bumper corn crop, and has already sold 30,000 tons of corn to the U. K. Russia recently sold 20,000 tons of barley to Britain. Yesterday part of our market activity on the up side was due to the discussions at Geneva, with Mr. Dulles discussing the question of agricultural surpluses, but experts doubt whether any Soviet arrangement can be worked out.

There was a little improvement in flour demand, but the volume is still far from satisfactory, and no real improvement seems yet in sight.

Foreign crop news is quite good, light to heavy rains fell over most of the European Continent, which improved the seedbed and promoted germination. Overall acreage in wheat is expected to be at least as large as last year.

Corn was without much feature but the spot basis was a little firmer.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 4, 1955

Domestic consumption of wheat last season was exceptionally low. We consumed only about 581 million bu wheat for all purposes, which included the amount needed for flour, cereals, etc., and it also included the smaller quantity used for seed, as well as a greatly reduced amount for feed. The government in trying to appraise consumption for the year ahead believes that we may use 624 million bu, which would be a little larger, but still small in comparison with some other years. In fact, we recall one season during the war period when we fed almost as much wheat as was consumed for bread. Nevertheless, we would like to establish this point: namely, that for the 1955-56 marketing year total wheat supplies are officially estimated at about 1,940 million bu, which is 3% above last year's record. This being the case we have enough wheat on hand to take care of three years' domestic consumption, even if there is not another bushel raised during that period, and assuming, of course, that nothing is shipped for export. Neither of these factors is possible, and just as we are bound to have fairly sizeable exports, it is also true that we must figure on normal production during this period. If farmers plant the minimum allotment of 55 million acres, with average weather conditions, it would result in an annual production almost equal to total disappearance, which in this case would include shipments, as well as domestic usage. This would permit only a very slow reduction in our carryover stocks, and, therefore, does not promise much relief for the future. In this connection we must recognize that Canada has raised a large crop and the 1955-56 total supply of about 992 million bu approximates the all-time record supply in 1953-54. It is too early, of course, to draw any conclusions for reliable indications on prospects in South America, but recent reports suggest that the outturn will be somewhat less than a year ago. However, the Australian crop suggests a yield of 200 million bu vs. 167 million bu last year.

Shortly after the market opened there was a news dispatch from Washington indicating that Senator Young, of North Dakot, had predicted that the Senate Agriculture Committee would recommend reinstatement of 90% of parity farm price supports for some products. This recommendation, he said, would be made to Congress early in 1956, and would be applicable only to top quality wheat, cotton and other basic commodities. The Senator also stated that he expected the bill would provide a program to take 20 to 40,000,000 acres of land out of production and put it into soil building programs. There was also some talk on the Exchange Floor that the government might, under certain circumstances, permit private exports of wheat to expand by withholding their own supplies. This, however, has no basis for confirmation, nor do we know that any definite steps have even been considered along that line, but it does show how political factors may become more important as time goes on, with an election year ahead.

We do know definitely that our government has announced its plan to ease restrictions on trade with the Soviet government with respect to goods termed "peaceful," and that this matter also extends to Satellite countries. However, at present no goods of strategic or military value may be shipped either to the Soviet Union or its European or Asian Satellites. Other goods even now may be exported after a proper license is obtained. However, if controls were eased our exporters might do business without first obtaining a license.

Primary receipts of wheat amounted to 929,000 bu, which was a little more than last week and also greater than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 401,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of 3 million bu.

Wheat prices were a shade higher, and the December future gained a little on the more distant months, with some covering in evidence, although total trade was not heavy, and there appeared to be no pick-up in flour demand. However, many industries are low enough on inventory that they may shortly have to enter the market for replacements.

Weather over the grain belt is fair now, with higher temperatures in sight, but no moisture indicated for the Southwest. It also will remain clear over the corn belt states.

The corn basis was about the same as yesterday, and there was no particular news on that cereal, but prices were fractionally lower. There was also a good deal of indifference in beans.

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CHICAGO, 4

November 7, 1955

The Senate Agriculture Committee is holding hearings in various parts of the country and is traveling far in an effort to learn more about farm problems. Their reactions may be the same as those of this writer who just attended a Missouri Farm Forum last week at Columbia. The significant development after listening to many agriculturalists at those meetings was not that there was any consideration being given to whether or not there should be a farm program, but rather the type of program that should be employed that would best meet the ills of agriculture. This, however, is not an easy solution and, indeed, of the thousands who attended there was no simple formula suggested as to the method or procedure. Most farmers attending those meetings complained that hog prices had slid too far and that something should be done. Most of them admitted that the pork buying program served little usefulness even if 170 million lbs of pork were purchased for an assumed expenditure of $ 85 million. After all, this quantity is only sufficient to buy up a few days' supplies from present hog slaughtering, and considering the volume that is now being processed, the whole thing is merely a drop in the bucket.

There are a few here and there who are real individualists and are willing to take their chances under a free enterprise system, as are those in business. We note on Friday that one farmer in Goshen County, Oklahoma, told the Senate Agriculture Committee that federal farm price supports were more of a detriment than a help. He proudly told this Committee that he started farming 33 years ago with $200 in borrowed money, and that today he has enough to assure his future and does not owe one penny. He pointed out that he accomplished all this not by sitting on his haunches and hollering about the ills of agriculture, for he said, "Agriculture can take care of itself if left alone." A person of that caliber is undoubtedly in the minority. So many farmers, even knowing they have been helped at the expense of the federal payroll, see no reason why the farm-support programs should be halted at this time. While they recognize that it might break the Treasury if similar schemes were instituted for all small businesses, they have, nevertheless, become accustomed to relief, and they show no indication or willingness to have such help withdrawn.

Before our market opened this morning there was a little to guide it. Weather was generally cool, but clear, and while a few snow flurries are forecast it is doubtful whether this will amount to much. Our exports of soybeans last season totaled nearly 60 million bu, which was the largest of record, and compares with 40 million bu the year before, the largest shipments having gone to Japan, 20 million bu was involved.

The Canadian wheat crop was cut from 500 to 494 million bu, which did not amount to a great deal. There were also some reductions in oats, barley, and rye. According to The Northwestern Miller any hopes of interesting Russia at the Geneva Conference to accept some of our agricultural surpluses seems to be a fantastic idea and we have so stated this as our opinion when the idea was first suggested.

The Chicago wheat stock decreased 212,000 bu, which still leaves nearly 16 million bu in this market. Corn decreased locally 1 million bu to 6.7 million bu, oats decreased 579,000 bu, leaving 6 million bu here, and there was an increase of 524,000 bu in the bean stocks, building it up to 5 1/4 million bu. A small decrease occurred in rye. The U. S. wheat visible declined 3. 4 million bu, but there is still about 413 million bu in all positions. Corn increased 3.6 million bu, while oats decreased 1.8 million bu. In beans there was an increase of about 2 million bu. Stocks in all positions are 17.6 million, or 9.8 million greater than last season.

Our markets today were very listless, and while wheat and corn were a little higher there was no special news, and trade was extremely quiet and certainly not much to guide the market. A small amount of flour business was handled over the weekend, but no real activity noted. There should, however, be some improvement as present stocks may need replenishment before long. A little hedging came into corn, with northwest brokers the main sellers, but others were also a little more active. Corn in eastern positions is still cheaper. The Chicago basis improved a little, a price of 6 1/2 under being quoted in the spot market. Overnight offerings were just slightly better.

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CHICAGO, 4 November 8, 1955

It is not pure accident that history has recorded some of the sharpest price declines due to governmental intervention when artificial means were attempted to prevent normal laws of supply and demand from functioning. Never before in history has any government invested as much as $7 billion of taxpayers' money in an effort to support prices, and because of the fact that even more money may be forthcoming, the day of reckoning may be delayed. But all we can say at this point is that whether Cuba tried to hold the line in sugar, whether it was the Brazilian valorization of coffee, whether it was the British attempt to stabilize rubber prices, or our American Farm Board in holding prices of cotton and wheat, the end results were all the same. We can even recall more recently when the Canadian Pool piled up huge surpluses of wheat and there were the secondary consequences which resulted in several years of distress. So often these political attempts which appear right in theory fail to bring the desired results, and we need only look back to the period following the Farm Board Era when it took us several years to pay the full penalty for violating all commercial laws in withholding our wheat surpluses from exporting channels. President Coolidge in 1931 made the statement: "When trade declines and goods begin to accumulate, whether they are raw materials or farm or factory products, instead of letting the market take its own course, there is always a great temptation to try some artificial remedy.... Price-fixing, subsidies, and government support will only produce unhealthy business." High prices and large acreages are certainly an economic contradiction, and we shall one day have to face the inevitable reality that unless either acreages are reduced or a crop failure occurs or in some way we find a much better demand than exists at the present time, our thinking on agricultural problems must undergo some change.

Before our market opened this morning there had been some snow reported in the Texas Panhandle, about an inch or so in the Lubbock area, but not much moisture elsewhere, nor is anything important indicated either in the daily or five-day outlook. Weather at the moment is not too much of a factor, but it seems rather difficult to enlist new buying power in grains, as long as we have these heavy accumulations on hand.

Offers were accepted this morning on 17,500 tons #2 red wheat by Yugoslavia, which is the start of a program involving about 300,000 tons of our grain that will be shipped to that country. Even this failed to arouse much enthusiasm as it was all part of a program previously developed. The cotton report issued at mid-session showed heavier production than generally expected, and will, of course, affect the oil and meal markets. According to USDA world production of soybeans this year will be 764 million bu, or an all-time high. This is 6% above last year's revised estimate of 717 million bu and is, roughly, two-thirds larger than prewar crops. Most of the increase, of course, is right here in the U. S.

Primary receipts of wheat were slightly heavier, and amounted to 1 1/4 million bu, which compared with 1.1 million bu last week, and 752,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 389,000 bu.

In spite of today's declines in all pits there was not a big trade; possibly the fact that there were elections in many states, with the New York Stock Exchange closed, may have had something to do with the light volume. There was likewise no particular news to account for the selling in the market, except that liquidation found very poor support and with the huge surpluses everywhere there is no general confidence. The spot corn market was 6 to 6 1/2 under, and there were some country offerings from Indiana, but not much country selling to Chicago. The export business to Spain was postponed. Flour demand is still very slow, with a minimum of interest, and commercial business in the pit was of no importance. A good deal of today's trade was of a local character, but the declines in one day wiped out much of the recent advance, and sentiment seems to be somewhat discouraged.

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CHICAGO, 4 November 9, 1955

The writer appeared on a television panel recently with a Professor and a gubernatorial aspirant discussing and debating farm problems, with particular regard to the surplus issue. The politician, unlike the Professor or the grain man, although completely sincere in his beliefs, failed to comprehend the causal factors which have built up the accumulations of various commodities. Our friend properly pointed out that more efficient and improved farming methods had stimulated production, and even admitted that much of the increase had been brought about because of guaranteed prices or supports in one form or another by our national government. On the other hand, he contended that remedial steps had been taken to cut wheat acreage, and it is true that in North America there has been a decline of some 10 million acres in the past five years, but absolutely no recognition was taken of concomitant variations with respect to other countries of the world which also raise wheat.

Despite the acreage decline on this Continent, it is a fact that world wheat acreage since 1950 is estimated to have risen by 60 million acres. Actually production of wheat has increased by 1 1/4 billion bu, in the same period. As we have pointed out often in these letters, there have been significant gains in output, as for example, France up 100 million bu, Argentina was higher by 70 million bu in five years, and Turkey on its best crop almost doubled. Then, of course, there are other nations which have also increased their domestic production, notably India, Western Germany, and the U. K. For the most part these increases have occurred in response to artificially high domestic prices and the protection afforded by tariffs or actual restrictions on imports. What the politician failed to realize is that the wheat surplus is international in scope. The fact that we have had relatively high prices in this country has also encouraged growers in other parts of the world to either plant more or to cultivate more intensively. Moreover, the rise in output during recent years has far exceeded that of demand. In the five surplus nations, and we mention only the largest in this category, which includes Argentina, Australia, France, Canada, and the U. S., stocks on hand July 31st rose from 1.1 billion bu in 1952 to over 2.1 billion bu last year, and the figure for this year, which is not yet available, is probably only slightly lower. In order to encourage exports and thus lessen the burden, our country has made gifts of wheat to countries in need and has sold wheat in exchange for inconvertible currencies. Canada, however, has not stood still and recently concluded an agreement with Poland whereby the latter purchased wheat on a 12-month credit. France in meeting its problems has sold substantial supplies to Eastern Europe. Unfortunately, there is no easy solution to the wheat surplus problem. In corn, we also have a tremendous accumulation with total supplies, including crop and carryover, amounting to 4.1 billion bu, the largest ever attained.

The loan figures were issued late yesterday showing 180 million bu wheat impounded by October 15th. This is an increase of 56 million bu during the month compared with 70 million bu the comparable period a year ago. If we impound as much from now until the expiration date for loans, January 31, 1956, as we had a year ago it would tie up an additional 129 million bu wheat, or a total of 309 million bu. That plus our domestic consumption would be about as much as we raised without any allowance for exports, which we presume will come almost entirely out of government stocks. Thus there could still be an artificial situation before the end of the crop-year.

Statistics today were unimportant, but there was considerable pessimism that the current Geneva talks might break up, and Secretary Dulles told the Soviet Minister, Mr. Molotov that Russia's refusal to unify Germany had largely shattered the confidence that was born at the Summit Conference. At almost the same moment Mr. Benson indicated that he would favor the selling of government-owned surplus commodities to Iron Curtain countries, claiming that there should be the greatest freedom. He admitted that our government could not sell its surplus stocks to those nations, but went on to encourage private traders if they could secure a license from the Department of Commerce. He said he would like to trade this nation's perishable commodities for other countries' durable goods or dollars. This had a somewhat stimulating effect on wheat, which rallied late in the session, and carried bean prices higher. Corn and oats were indifferent.

Country offerings of corn were a little larger, but there was very little selling of beans. We heard, however, that beans were offered via the Atlantic at 4 1/2 over Chicago November FOB, which is anything but encouraging to the trade.

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CHICAGO, 4 November 10, 1955

Nothing would displease us more than to appear boastful, and when we repeat some of the warnings made in our market letters during 1947 and prior to that time, it is not with the intention of saying "We told you so." Nevertheless, it has been very apparent to us for long periods of time that the function of most of the farm programs was to benefit the agricultural producers of the nation by raising prices of their products to levels higher than the open market could yield. We as grain men have every reason to desire that producers receive the highest possible prices for their products. We do, however, object that the market for many years has been tampered with for the purpose of obtaining artificially high prices, which in the end could only injure the producer himself, thus affecting the general welfare.

The support program was conceived and started at a time of reduced agricultural income. It was designed to provide, among other things, reasonable loans to carry the farmer over until such time as his products would increase in value to a point that would yield him a better return. That concept was completely abandoned shortly after the loan program became effective, and instead of having wheat supports at modest proportions, there were successive increases almost year after year, with average farm price loans rising from 53¢ in 1938 to more than $2.00. During this entire period there was complete failure or refusal to recognize the inescapable consequences which have brought about the accumulations of surpluses, which have pyramided and are now exerting a depressing influence on current crops. As elevator space became scarce the government embarked upon a program to build or purchase its own bins, and now has about 800 million bu of such storage, thus competing actively with private sources. All this came at a time when the grain trade itself was expanding its facilities in order to help and cooperate with government officials, who were afraid that the spoilage of grain might cause even greater losses than have been experienced in their operations, Senator Taft, during the early period, stated that "No permanent program based upon a constantly rising loan price can do anything but achieve the inevitable result of the accumulation of unmanageable and unworkable surpluses, with resultant injury to the farmer and to our economic system as a whole."

Before our market opened this morning, there was not much to guide it. A few light showers were reported over the belt, but there is no general precipitation indicated, although in the Southwest it would be welcome, as topsoil is becoming dry in Texas, Oklahoma, and Kansas, with general conditions very favorable and probably the best in several years. The country offered a little more corn but it was mostly from Indiana, and will probably move to Chicago. Beans are not coming out to any great extent, although producers have already sold a large volume of the crop, but the flow seems to have dried up as prices have fallen back toward support levels. There are still reports that in some sections of the country --- notably in the Northwest, large quantities are being stored. Meanwhile, processors are generally operating at near-capacity level, although some, particularly in the South, are working on cottonseed. Most plants have full storage, and enough supplies with which to operate for several months.

Primary receipts of wheat amounted to 1,151,000 bu compared with 802,000 bu last week, and 658,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 750,000 bu.

Trade was a little more active, and at times there was stop-loss selling in beans, and possibly some evening up prior to the government report, although no great changes are expected. There may be a slight increase in the yield, and probably a little improvement also in corn, but we believe that the selling was mostly by tired longs and also some hedging in corn. According to The Southwestern Miller flour business was extremely quiet overnight, indicating that the earlier spurt in business had come almost to a standstill. We shall also have a report on sorghum production, but inasmuch as the futures market was dull very little attention is being paid to it by speculators.

Minneapolis spot wheat was again weak and demand poor. The spot corn market here was 7 1/2 under December which was slightly lower than yesterday. While there was no very important buying there seemed to be support on breaks and markets recovered, although closing levels were somewhat lower than the day before.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

November 11, 1955

The present system of excessive commodity loans, which has led to the largest surpluses ever accumulated, can only lead farmers into managed economy. We have already seen that marketing quotas have been established, acreage allocations have been resorted to, international wheat agreements have been undertaken, but unfortunately none of these schemes has helped much, and we are afraid that finally the farmer will become a servant of the state, and his operations will be dictated by government. There is no alternative except the controls mentioned above when surplus crops pyramid because of artificial price support levels. Even when acreage is reduced the application of fertilizer and greater efforts both manual and mechanical have produced even larger crops. In other price-raising schemes, such as the Brazilian coffee valorization plan, the commodity was destroyed by systematic burning of several million bags. In our own country not so long ago we have seen the burning of potatoes, the destruction of pigs, the plowing under of cotton and corn, and similar schemes.

Public sentiment, however, in this country seems opposed to the destruction of the necessities of life. However, if such methods are not resorted to there is no hope for a disposition of unwieldy surpluses except to dump them by sales abroad at less than their value, or else to hope for a succession of drastic crop failures. The practice of dumping is opposed to international policy, and complaints have already come from Canada that we are hurting their market. Canada has not acted too wisely in handling her agricultural problems, and the domestic wheat market in that country accounts for only about one-third of her average output. She has accumulated a carry-over reserve of 493 million bu, and this year will probably raise an additional amount of wheat close to the 500 million bu mark, thus will have a total supply of almost 1 billion bu. Her marketing channels are clogged, and last year's low grade grain is only now beginning to move on the heels of the 1953 crop. At the current rate of disposal it would take a succession of very poor crops in Canada to eliminate the accumulated inventory.

The fatal step is usually the first step that a country takes upon a path which inherently is known to be dangerous. Even when stocks are held in sterile account, there is always the fear that at some future time they may be sold. Even now certain agricultural interests are demanding that the government refrain from selling the accumulated stocks to avoid competition with free supplies. When reserves are thus bottled up,the next year's surplus is piled on top of existing supplies with pyramiding effect. The only conclusion which can be reached is that crop surpluses when accumulated are not only greatly detrimental to domestic prices but present unsurmountable problems of disposition.

When our market opened this morning it was influenced by the government report issued late yesterday showing a small reduction in beans whereas many people had expected some increase in the crop estimate, and higher prices were registered. There was some pressure on corn at the outset due to the increase in the crop estimate by the government, and also since the country was quite a good seller of corn yesterday afternoon following the report. However, this morning offerings were not as liberal and the strength in beans spread to the other pits. There was a fair amount of spreading in wheat with the December losing a little ground to the deferred months.

Over the week-end it is indicated that there will be good precipitation in the Southwest with rain and snow, particularly in the western sections. Similar conditions are looked for in the corn belt with much colder temperatures in prospect.

After declines earlier this week the Minneapolis spot spring wheat basis was unchanged today. However, it is thought that with the close of navigation not too far off the trade is unwilling to pay the high premiums in effect for some time, and are backing away from the market. In addition, there is some feeling that with the ordinary wheat basis in that market 1¢ over December some delivery wheat may be available from Duluth, where a moderate supply is in store.

Primary receipts of wheat were 943,000 bu compared to 929,000 bu last week and 837,000 bu last year. Corn primaries were 2,162,000 bu, about the same as last week and compare to 2,291,000 bu last year. So far this week wheat stocks in Kansas City and Minneapolis show a decrease of 828,000 bu. When the wheat visible is posted on Monday it will compare with a decrease last year of 3,188,000 bu.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 14, 1955

The moisture which had been expected over the week-end through the Southwest seems to have been again delayed, although our forecaster looks for rain or snow tonight throughout that area. The writer who just returned from a trip to Oklahoma and Texas received very excellent reports of subsoil moisture conditions and a good start for winter wheat, but topsoil is dry and some additional rain or snow would be very welcome.

The recent cotton report demonstrated the failure of high rigid price supports, together with tight acreage allotments, and present indications are that the 1955 cotton crop will exceed by about 50% the 10-million-bale goal which had been contemplated from the restricted acreage. Better farming methods have given us a yield of about 431 lbs. per acre, which would compare with 341 lbs. a year ago, and 290 lbs. the ten-year average. There has been a marked change in the thinking of many farmers over the past few decades. At one time the farmer was considered the "rugged individualist" who wanted nothing but freedom to work out his own way of life. However, having had some experience with regimentation, both as regards acreage under cultivation and marketings, it appears from meetings held around the country that many producers prefer a certain degree of restriction and regimentation to the free interplay of the forces of demand and supply. Although with the development of better seeds, fertilizers and machinery, it remains to be seen how far the farmer will permit acreages to be reduced.

The history of farming demonstrates some very interesting factors. In the state of Oklahoma in 1935, there were 213,325 farms, with an average size of 165.6 acres. The 1955 census showed 118,979 farms, with an average size of 299.5 acres. In other words, Oklahoma farms have come close to doubling in size the past twenty years, and indications point to still larger farms in the future. In the past five years with the exception of one county, farms in Oklahoma have experienced a lot of growing pains. As an example, Harper County's average farm grew from 769.9 acres to 912.2 acres, a growth of nearly 150 acres, according to the Farmer-Stockman Journal. Thus it seems that farming has ceased to be a way of life and has become for all practical purposes "big business." While mortgage indebtedness has tended to increase in recent years and farm income has tended to decline, the economic security of the farmer is high and his standard of living has risen materially, according to Dr. Marcus Madler, a well known economist, although in many cases the farmer's improved economic security is the result of government subsidy at taxpayers' expense.

Chicago stocks of wheat decreased 560,000 bu, but this still leaves 15 1/2 million bu here. The corn stock locally increased nearly 1 1/2 million which builds Chicago stocks to above the 8 million bu mark. Oats decreased 682,000 bu, which cut the supply to 5.3 million bu. Changes in rye and beans were not too important. The U S wheat visible decreased 2.3 million bu, in corn there was a big increase which amounted to 5.9 million bu, oats decreased by 1.6 million bu, and beans showed an increase of 2.8 million bu.

There were very heavy offerings of corn from Indiana shipping points, and this resulted in large to-arrive sales here in Chicago. As a result the spot corn basis was weaker, and declined to 11¢ under. We also had a wire from our Minneapolis office that wheat receipts there were more than the market could handle, and the cash basis was 2¢ lower across the Board. Not many beans seem to ve moving, but yet processors in nearly all areas have their storage full and are running at capacity. Some processors appear to be temporarily out of the market. In the South many are operating on cottonseed, and according to the American Soybean Association, it seems obvious that a far smaller percentage of the crop remains in farmers' hands than at this time a year ago. The Chicago corn-hog ratio for the week was 10.8 --a drop from 11.3 last week, and compares with 13 a year ago. There has been a sudden expansion in hog supplies accompanied by a distinctly weak market, and prices are at an eleven-year low. Eggs were also very weak. There was general weakness this morning, although wheat recovered and closed higher. With the large surpluses that have been built up it seems rather difficult to have sustained strength, or to get much constructive thinking on the bull side of the market, as advances would have to come from artificial factors.

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CHICAGO, 4

November 15, 1955

There are a good many ways of defining economics, and in this day and age many people profess to have their own theories and convictions as to what this great science should embrace. Yet it is something which touches the life of every one of us, and starts almost at the moment we are born. There is no doubt economic consciousness even in a baby clinging to his bottle, thus asserting a rudimentary sense of economic perception. Economics if properly practiced should, however, be a science of recognizing secondary consequences. It should not be practiced with the idea of curing some existing policy or benefiting some special interest in the short run, but must of necessity be in the general interest in the long run. The solution is never to reduce supplies arbitrarily or to prevent further inventions or discoveries, or to support people for continuing to perform a service that has lost its value. Yet this is what the world has repeatedly sought to do through protective tariffs, by the destruction of machinery, by the burning of coffee, or the killing of pigs, and by a thousand other restrictive schemes. This is the inhumane doctrine of wealth through scarcity.

Let us take the case of an individual who cannot grow or manufacture all the things he consumes, but perhaps only one of them. Nevertheless, with the income that he derives from producing this one commodity or rendering this one service, he is able to buy all the rest. He naturally wishes the price of everything he buys to be low, but by the same token finds it to his best interest for the price of the commodity or service that he possesses to be high. Therefore, he selfishly wishes for abundance in everything else except that he desires a scarcity to exist in the one item that is his business to supply. Surely there can be no lasting economy if that philosophy is attempted for any special segments of the population. We are beginning to sense this through the maladjustments that have been created by our agricultural programs. As foreign production has recovered from war devastation, the demand for our products has diminished, while home production roared on and surpluses have apparently come to stay. There is about $7.3 billion worth of farm products in the hands of our government and the pile is still growing.

Before our market opened this morning, there were reports from the country that selling of corn had diminished and apparently wet weather in Illinois and Indiana had brought about a rally, at least for a temporary period. Temperatures will drop decidedly and there is also apt to be moisture in the Southwest but mostly in the eastern parts of those regions. Meanwhile, snows have occurred in Canada, and in our spring wheat areas. There is also a forecast for rain over the corn belt this afternoon and tonight, changing to snow Wednesday, with much colder temperatures by tomorrow. First prices showed a slight change in sentiment with higher prices for corn and for beans, which also had some influence on the wheat market. It was reported that Yugoslavia had purchased 7 cargoes red winter wheat out of Albany, and via the Atlantic. Cash wheat, which had been so weak in Minneapolis yesterday, started on a little stronger note and was 1 to 2¢ higher, but generally speaking prices paid in that market are at or above loan levels.

Primary receipts of wheat amounted to 1.1 million bu which compared with 1.2 million bu last week, and 857,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 250,000 bu. Contract stocks of deliverable wheat in Chicago declined to 10.8 million, which includes 4 1/2 million bu of #1 and #2 red winter wheat.

Markets were rather firm during the first half of the session, but later on there was some profit-taking but the close was firm. Beans did not share in the advance; in fact, were independently weak most of the day. We heard a report that Germany had purchased 5 cargoes of Australian wheat, and believe that while most of our export business to Yugoslavia consisted of shipments via the Atlantic, that there was also a little Gulf wheat in addition to the seven cargoes earlier referred to. Flour demand was extremely quiet, and there is no improvement indicated at the moment.

The spot corn market was about 10 1/2¢ under, indicating only slight improvement in the demand; actually with elevator space here in Chicago becoming more congested we do not see much hope for immediate improvement. Total trade in wheat yesterday was only 5 1/2 million bu in this market.

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CHICAGO, 4

November 16, 1955

At a time like this when there is a record high in business activity and income, the drop in farm intake is all the more noticeable, and it appears likely that gross farm income will have declined an estimated 11% from 1952 through 1955. At the same time we should not lose sight of the fact that there have been recoveries in certain fields and that the 1955 income is expected to be above 1950. Besides the farmer is still in very good shape, and the total value of all farm assets is $163 billion, which is a decline of only $3 billion from the peak. On the other side of the picture we find that the debt of farmers amounts to only 11% of their assets, and taking farmers as a whole they own enough quick assets, such as cash and bonds, to more than pay their debts. These, of course, are totals and do not reflect individual farm debt situations. We do not claim to have any easy solution to farmers ills, realizing that reduction of acreage is always painful, but by the same token it is always one of the surest cures. We do feel that the programs primarily adopted for stabilization of farm prices and income have not done all that was intended, yet their cost has risen from $306 million in 1952 to an estimated $1.3 billion this year, and an actual outlay of $963 million last year. Besides this there are many hidden costs to the consumer that are almost impossible to appraise, and surely when commodities are held artificially high, the living costs are greater, but it is rather difficult to figure out what these intangibles are. This is also true of many other aspects of our economy. As an example, everyone realized what it cost this nation in the way of bank failures between 1921 and 1933. Individual fortunes in some cases were wiped out and many people suffered, yet as Congressman Buffett pointed out a few years ago, the holders of government bonds lost more of their savings during 1950, or in one single year, by the process of government-engineered inflation, than the entire country lost in the bank failures during the period just referred to in that twelve-year era. Holders of U. S. savings bonds in 1950 lost $3.6 billion while the total losses by bank depositors from 1921 through 1933 totaled $1.9 billion.

There was some light snow over Iowa and portions of Kansas and Nebraska, and some rather heavy rainfall over portions of Missouri, Indiana, and Ohio. There was also some snow in the spring wheat area, but unfortunately not much precipitation in either Texas or Oklahoma. Temperatures have dropped considerably over all sections of the country, and the thermometer was as low as 10 above in Amarillo, Texas this morning. There is not much chance for rain or snow Southwest, which is unfortunate as it is always better to have protection or even moisture before the winter cold sets in. The Weather Bureau's 30-day outlook for the period from mid-November to mid-December calls for precipitation in subnormal amounts in the Pacific Northwest, also along the South Atlantic Coast and in the far Southwest. However, in the remainder of the country near or above normal amounts of rain and snow are indicated.

The country sold moderate amounts of corn yesterday afternoon but hardly anything this morning.

Primary receipts of wheat amounted to 964,000 bu which compared with 790,000 bu last week, and 752,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 573,000 bu.

During the early part of the session corn was rather firm and advanced. There was some talk that owing to the smaller crop in Iowa that shipments were being made from here westward. However, the market weakened later, and we must bear in mind that we have the largest supply of feed grains and concentrates that we have ever had. Moreover we are learning how to get more livestock products per pound of feed. It is to be noted at the moment, at least, meal is very difficult to sell, and this undoubtedly has been one of the reasons for the weakness in beans lately, and the same trend continued today. There was a report that 2 barges of beans are coming here from Memphis. There was some scattered buying of spring wheat flour, which caused an advance in wheat prices at Minneapolis, and arrivals to that market have not been too large, possibly due to car shortages. Nevertheless, with but a few exceptions the biggest share of sales made to-arrive has now been satisfied. Wheat prices held rather firmly during the first part of the session but declined later. The trade realizes that even with droughts and government efforts to control output, farm products have been as large or larger than the year before in every year since 1950. With the farm plant capable of this amount of progress it merely adds to farm price problems which growth in population alone is incapable of solving.

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CHICAGO, 4

November 17, 1955

As we have mentioned before in these letters our farmers are raising 44% more than they did prior to World War II. This has all been accomplished with a smaller labor force, but better farming techniques increased use of fertilizers, general improvement in our research methods, improved seed, such as hybrid for corn, Clinton oats, etc., have done much to raise farm standards. Mechanization has made farmers more independent and has enabled them to do their planting and to reap harvests at more propitious times. For example, in 1940, there were 1,545,000 tractors in this country compared with 4,200,000 at the present time. Just before our entry into World War II, we had 190,000 combines; at present there are 960,000. The number of corn pickers in the earlier year were 110,000, while today there are 660,000. As for motor trucks, they have also increased since 1940 from 1,047,000 to 2,750,000 at the present time. In order to store the grain that was raised and which could not all be exported, there had to be tremendous expansion in storage facilities. Our government figures that this grain storage, either owned or sponsored by Commodity Credit Corporation, amounted to 750 million bu in 1952, while at the present time it has doubled to 1.5 billion bu. Any thoughtful individual must recognize that this cannot go on forever, and in just a few years we have both old and new capacity storage filled to the brim, not to speak of the added private storage and that on farms, which is also functioning now, much of which had not been available three or four years ago.

The farmer, while complaining in many cases that his prices have receded, fails to take into account one very important factor: namely, that the monetary standard of the country has been stabilized. A dollar that was saved in 1953 is still worth the same and has an equal buying power today. This is quite a different situation from that which existed during the twelve years prior to 1952. If a farmer had saved $1,000 in 1940, or had it invested in bonds, annuities, or life insurance, it was worth only $528 in purchasing power in 1952. In other words, during that twelve-year period $472 of the $1,000 had been lost through inflation.

There was not much news overnight except that weather was on the cold side through all parts of the country. Low temperatures were recorded as far south as Amarillo, Texas, where the thermometer registered 18 degrees this morning, and in other districts farther north it was somewhat colder. Some light snow occurred over our Northwest and at a few points east of the Mississippi River, but elsewhere generally fair skies prevailed and moisture as a whole was inconsequential. There is some precipitation forecast for the Southwest, but our own weather man does not think it will be of any great importance.

Late yesterday U S D A announced a program for the sale of agricultural commodities to Brazil. The total amounts to a little over $41 million, of which $31 million will consist of 18.4 million bu of wheat, and certain Ocean transportation costs estimated at $4 million are included. We will receive Brazilian cruzeiros under Title I of the Agricultural Trade Development and Assistance Act of 1954. Sales under this program will be made by private U S traders, and details of the purchase authorization are to be issued for each commodity, and will be contained in future announcements. It is our understanding that eventually all of the wheat furnished will come from CCC supplies, even though exporters may originally be permitted to furnish some of their own wheat, in which case we understand that it must be bought back from the government later on.

Trade was not particularly heavy, and there were no important factors since yesterday. Flour business was quite good for the spring varieties, but near a standstill for other grades. It was reported that the U K had bought some parcels of corn, and possibly a fair business in the aggregate. The Continent took only small lots. It was also reported that the U K had purchased 2,000 tons soybeans for December shipment.

Primary receipts of wheat were a little less than 1 million bu compared with 1.1 million bu last week, and 726,000 bu last year. Kansas City and Minneapolis stocks show a total decrease of 788,000 bu so far this week.

There seemed to be some selling of beans and corn early in the day but some recoveries were made near the end. Wheat also reacted.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 18, 1955.

It was rather encouraging to hear this morning that the Illinois Agricultural Association had gone on record in favor of lowering minimum levels of government price supports on basic farm crops. We say this only for the reason that it is recognition from the farmers themselves that the present farm program is not sound, and certainly there is no good reason for returning to the rigid support programs, which have contributed so heavily to the current surpluses of food and fiber, for which there is no present commercial market either at home or abroad. As Secretary Benson pointed out on many occasions, it must be obvious that a continuation of the very programs under which these conditions developed offers no hope at all for their solution. The Secretary feels that if mandatory price supports at 90% of parity were the answer to our problem, there would be no problem today. The entire disturbance of which we are hearing so much, and of which we shall probably learn more in the coming months as politicians view their hopeful solutions, must take realities into account. If we pursue many of the tactics that have been undertaken, we shall probably have a socialized agriculture in this country, something that has constantly been feared by rugged individualists, and particularly farmers, who have always been masters of their own destiny.

After all, there are only two ways for a farmer to know what to plant. Either he may make his own decision based on the market outlook and the adaptability of his farm to the production of a given crop, which is something that was always his choice in the past, or if we continue with intervention, he has open to him only the other alternative--to have the government tell him what to grow and probably in what quantity, and at what periods he may market it. It has been unfortunate that in past years the government has jumped blindly into more than one program designed to help agriculture, only to discover that the results were harmful to farmers and nearly everyone else. We had those shameful lessons in the support of potatoes and eggs just a few years ago. The failure in those fields, even though they were adopted to aid the farmer, reached such ridiculous proportions that producers, consumers, and taxpayers alike finally called a halt to the whole sorry mess.

Before our market opened this morning, there were some indications for precipitation in eastern sections of Nebraska, Kansas, and Oklahoma. This was predicted in the five-day outlook, which is not always too accurate, but there is at least some chance for a break-up in the weather, although nothing much for the central and western portions of those states.

Country offerings of corn in our area continue light, and on the other hand there were indications that buyers in Iowa might take on further quantities of corn owing to the fact that production in the west turned out worse than had been expected, with a much smaller crop in Iowa than last season. The early spot corn bid was 9 under, which was about the same as yesterday, and while some improvement from the low level that was recorded a few days ago, it is still a very cheap price, everything considered. Were it not for the fact that elevator space is congested, cash markets would probably rule firmer in comparison with futures.

The USDA estimated that net farm income in 1955 would amount to $10.6 billion compared with $11.8 billion in 1954. Results from farm operations are likely to show a further decline, in spite of heavy demands for food and fiber showing a 10% dip in earnings this year.

Primary receipts of wheat were 937,000 bu which was practically the same as last week and compared with 883,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 839,000 bu. We doubt if the visible supply will decline as much as it did a year ago when there was a shrinkage of 8 1/4 million bu.

Trade was not at all heavy, and there was no special trend. Lower prices were registered early, but week-end evening up brought covering into the various pits, so that closing prices were firm. After several days of better flour demand Northwest, it became quiet again, and general business was slow in all areas. Today was the last day for evening up trades in the pit for November beans and lard, but there was no great importance to this factor, neither did the commodity trade pay much attention to another increase of 1/4 of 1% in the Federal Reserve discount rate, which had a slightly bearish influence on stocks.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 21, 1955.

There was a lot of political news over the week-end. Much of it centered here in Chicago where there was a large Democratic gathering, and it seems that at least two of the aspirants seeking presidential nomination have advocated a return to rigid 90% of parity farm support prices. This has been strenuously opposed by Mr. Charles B. Shuman, who is head of the nation's largest farm organization. The American Farm Bureau Federation represents more than 1.6 million farm families throughout the U. S. He told the Committee that a return to rigid 90% of parity price supports on basic farm crops would be a very dangerous step, in view of the $7 1/2 billion stock pile of surplus commodities now in government storage. He also warned against making farm price supports a partisan political issue. These, he said, are economic problems and there are no political solutions to them. He went on to say that prices are not made in Washington, but in the marketplace. He further warned that it would be political suicide to try to go into office with a promise of 90% of parity for farmers. Mr. Shuman's belief is that the nation's agricultural production plant is overexpanded and needs methods of finding ways to shrink it while at the same time keeping farm income at fair levels. The difficulty seems to be that the world's farms are pouring out one of the largest harvests of major foods in history. This year's output may be slightly larger than a year earlier, and is likely to exceed the previous record output of 1953-54. For example, the early forecast of this year's breadgrain crops (wheat and rye) indicate a total harvest of about 265 million tons, which would be nearly 5% above that of 1954. Thus the problems are international rather than merely national in scope.

Another Farm Organization, the National Grange, which held its 89th Annual Convention in Cleveland, having over a million members, has submitted 283 resolutions for consideration at the meeting. The Grange has centered most of its attention on a 3-point program that would provide for expanded markets, avoiding further production restrictions, and raising farm price and income to a level comparable with other segments of the economy. They, too, feel that the $7 billion surplus stock pile of food must be reduced, and that any step in that direction would contribute immeasurably to the economic growth of the U. S. Perhaps it is dimly or imperfectly understood that while our nation is pre-eminent among nations of the world as an agricultural exporter, shipping about $3 billion worth of products during the year, actually we import nearly $4 billion worth of agricultural products; thus we take in more than we ship out. Few people realize that Cuba with a small population takes $133 million of our agricultural products, which is more than the shipments to Spain, Portugal, Sweden, Norway, Ireland, Denmark, Hungary, and Finland combined. We realize that there are great efforts being made to ship larger quantities of beans than we did last season, when about 60 million bu was cleared. This compared with about 40 million bu the year before and 32 million bu two years ago. About half our bean exports go to Japan and Western Germany, and thus any expansion in trade would largely involve those two nations. We believe that some of the extravagant hopes which have been expressed may be overemphasized.

Chicago wheat stocks decreased 313,000 bu, cutting the total here to 15 million, corn increased locally 1.3 million bu to 9 1/2 million bu, oats decreased 436,000 bu to a little less than 5 million bu, while rye stocks went down 420,000 bu, leaving only 3 million bu here, but there is also 328,000 bu afloat. There was a small increase in beans bringing the total to 5.5 million bu, together with 387,000 bu afloat. The U S wheat visible shows a smaller decrease than last year, but declined 5.8 million bu, corn increased over 4 million bu, oats decreased 1.3 million bu, rye increased 183,000, while beans went up over 1 million bu.

Trade was not at all spirited, and there is very little comment that one can make. Weather was mostly dry over the Southwest, and probably will remain that way, although there was some precipitation over the corn belt. Flour business was extremely light over the week-end, and certainly no encouragement from that source. Brokers for northwest elevator concerns have been small sellers of our December wheat, and on the first of the month there may be tenders of about 1/2 million bu, and probably a fair amount of corn. The spot corn basis was 7 1/2¢ under, showing a further improvement, with more sales made to Iowa. We are told from Minneapolis that there will be some early deliveries on their December wheat contracts. One firm up there is starting to get some wheat ready and intends to make tenders. There may also be early tenders in Kansas City.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 22, 1955

Since the beginning of time politicians have gained strength and have won votes because of their knowledge that it is easier to promise the impossible than to do it. It is a sad travesty upon man's intelligence that this should be so, but by the same token it must be abundantly clear by now that no matter what is promised nor what hopes legislators may have for certain segments of our society, the state can never return more to the people than it has taken from them. Frederick Bastiat, statesman and economist, writing more than a century ago, compared his native country, France, with the USA, and quoted the first words of our Constitution, which read: "We, the people of the United States, in order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.... Here is no shadowy creation, no abstraction, from which the citizens may demand everything. They expect nothing except from themselves and their own energy." The state has two hands, one for receiving, and the other for giving; in other words, a rough one and a smooth one. The rough hand has been taxing Americans heavily to finance the war, and even now in defense preparation, but the smooth hand, which has been spending the money on various farm programs and price support planning has apparently not accomplished its objectives. It has undoubtedly been found to be a fallacious program that attempted to do a little good now at the expense of a great deal of harm in the future.

Before our market opened this morning, there was not too much to guide it. Some precipitation seems likely in the next five days, but it will probably occur mostly over the corn belt, although some light snow flurries are possible for western portions of the Southwest, with light rain in eastern sections, which would probably not be sufficient to overcome topsoil dryness that has developed. Nevertheless, weather will shortly become an important factor even though subsoil reserves are still quite adequate.

There has been some firmness in corn lately because of shipments that have been made to Iowa, where the crop is small, and this has undoubtedly firmed the spot market, while at the same time government offerings from the country are subsiding, and apparently the 10 million bu they had intended to ship before clamping down on further sales have about been completed. However, some emergency selling may still take place. The meal and oil markets were somewhat weaker early, which tended to influence the bean market, and lower quotations were registered at the opening. There were reports that the U. K. and the Continent had bought a few parcels of corn and we also heard that Rotterdam had purchased 1,000 tons beans. Otherwise it was rather quiet in export circles.

Primary receipts of wheat were a little heavier and amounted to 1,279,000 bu which compared with 1,133,000 bu last week, and 1,221,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 261,000 bu. Contract stocks of wheat in deliverable positions here in Chicago declined a little to 10.6 million bu, of which 4 1/4 million bu consisted of #1 and #2 red winter wheat.

Trade was extremely light, and there seems to be a discouraged feeling in the pits, with markets not showing any particular trend in either direction. Nevertheless, there were recoveries from early weakness even though flour buying has fallen off further and interest among the trade is at low ebb. A good deal of buying in corn today seemed to be for local account, and the same was true in beans, although the latter closed considerably lower than last night in face of some firmness elsewhere. The spot market in corn was about 6 1/2 under December, and country offerings are not heavy. Some buying may be attributable to the fact that so often during the Stock Show in Chicago corn prices advance.

Hog prices showed declines, and the top was the lowest since September 1942. Apparently government purchases have not done much to stem the decline yet.

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CHICAGO, 4 November 23, 1955

We hear a great deal these days about monopolies and our government is doing much to curtail the size and growth of companies that become too large, failing often to recognize there is no such thing as complete monopoly, whenever perfect competition exists. Bradford B. Smith, writes interestingly on the subject of monopoly, and competition, and makes reference to every young lady in the world who has a number of admirers. Quite frequently two or more of these young men are seeking to monopolize her time and affection. Broadly speaking, there are two ways in which one of these young men may achieve the monopoly to which he aspires. The first way is to buy a gun and shoot his rivals; the other way is to outperform them. Monopoly achieved by forceful means, preventing others from producing, is against both good morals and economic welfare. Monopoly achieved by doing a better job at better prices than others can do it is a service to the community and certainly not a sin against it. Anyone who produces or markets a new product is not taking away from anyone else. He is offering them something in addition to what he already has. There must always be a first producer who in that instance becomes a monopolist. When we forbid monopoly, on that very day progress stops. Our country has often wished that it had a monopoly on the raising of wheat and other farm products. That, of course, is impossible. Failing there, they would like to find a monopoly on selling our agricultural products. At times we have been the largest shipper of wheat, but as long as there is competition, we find that in most cases it is healthful and it sets up a mechanism through which the world progresses to new and better products and services.

Before our market opened this morning there was not much to guide it. We were having the regular Thanksgiving weather, clear and cold, with some light precipitation over the corn belt, but nothing Southwest. The recent firmness in corn has stemmed largely from shipments made to Iowa, but this does not change the over-all situation and a larger surplus will be built up next October than we have previously had, with hog prices about the lowest in fourteen years; so we still have many handicaps confronting us.

We were told that CCC was willing to release wheat at interior points under their P. L. #480 program, and seems not to be confined to merely selling at ports. Exporters must buy an equal quantity of wheat from Commodity compared with what is shipped abroad, but they do not necessarily have to ship the identical wheat. This will not add in any way to the free supply, but it could conceivably affect our distribution and create relatively larger supplies in deficit areas, while taking it from districts where wheat is more plentiful.

Weather and crop conditions, according to Broomhall, are most favorable in Europe for the completion of seeding of winter grains, also for germination. Some reports state, however, that moisture will be needed before long. French acreage will be equal to last year and the corn crop appears to be slightly larger than it was a season earlier. In Western Germany conditions are favorable and planting is mostly finished. However, germination has been slow due to frosts at night, but this is considered beneficial as it prevents excessive early development.

Primary receipts of wheat amounted to 940,000 bu compared with 964,000 bu last week and only 724,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 397,000 bu.

There was not a great deal of news during the session. Reports from our own or correspondent offices in the Southwest were that wheat was in fairly good shape but almost all conceded that topsoil conditions were becoming dry and that moisture would be needed before the ground froze. On the other hand, milling demand was very slow and only pre-holiday business of small character was reported.

Broomhall's cables stated that according to trade circles in Argentina they may have to cancel some of their corn export sales due to the small crop, and up to the present time only 9 million bu have been shipped, while the season earlier there had been clearances of over 57 million bu. This, however, did not have much influence here.

Beans, while quite weak at one time, showed some rallying power toward the last, and as prices get nearer the loan level there is naturally some hesitancy. According to a professor at the University of Illinois, we are manufacturing soybean meal at a record rate and must be using it up as there is no place to store it. This authority believes that there is a sharp upward movement possible in meal prices in the future. Meanwhile, processors have large supplies on hand, and there is no urgency in the demand.

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CHICAGO, 4 November 25, 1955

Economics, as we have seen again and again, is a science of recognizing secondary consequences. It is also a science of seeing general consequences. It is the science of tracing the effects of some proposed or existing policy, not only on some special interest in the short run, but on the general interest in the long run. When politicians interfere with the normal supply and demand factors, our markets are thrown out of kilter, and this has been going on now since 1938, when the first loan program based on the parity concept was instituted. In the beginning there was not much wheat impounded, and consequently our markets were able to overcome some of the artificial factors without too much difficulty. However, demand was never stimulated by keeping prices above their true value. This has been one of the factors that has made necessary the payment of subsidies to get our wheat into consumptive channels. Even at the present time it costs the government, or in the final analysis, our taxpayers, about $200,000 every time a cargo is sold to foreign countries under IWA. We are convinced, however, that the takings would have been larger had we had normal conditions, although the ultimate price to buyers has been kept materially under the pegged price at home, and thus we have found that world shipments have been substantial at times, particularly in those years when Europe had not yet become rehabilitated and found it necessary to draw heavily upon surplus nations.

When any politician claims that the way to prosperity is to increase farm prices, it is like saying that the way to prosperity is to make food dearer for the city worker. When they say that the way to national wealth is to pay out governmental subsidies, they are in effect saying that the way to national wealth is to increase taxes. When they make it the main objective to increase exports, most of them do not realize that they make it a main objective ultimately to increase imports. When they say that under nearly all conditions the way to recovery is to increase wage rates, they have found only another way of saying that the way to recovery is to increase costs of production. Theorists, therefore, have found difficulties in getting our economy to run on an even keel under arbitrary rules that have been set forth, but which do not necessarily make for a free flow of goods and services, which has always been the basis of our national prosperity.

There is some moisture forecast for the corn belt, but nothing in the five-day outlook that would indicate precipitation for the Southwest states where topsoil is becoming dry and this may become a factor very shortly.

Following the holiday, receipts of corn were reasonably heavy but selling of beans is still rather meager, and we presume that as prices draw closer to the loan level, there will be some hesitancy in the market. In the country, however, bean prices are still some 8 to 10¢ above the loan and at the moment processors seem fairly well supplied with product.

Primary receipts, with Wichita missing, amounted to 1 1/4 million bu, which was about the same as last year with all reporting stations listed. This compared with 937,000 bu last week. Kansas City and Minneapolis stocks so far this week show a total decrease of 460,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of 3.1 million bu.

Trade was extremely quiet. The spot basis on corn was strong again with 484 cars in Chicago, of which 263 were for Commodity. Some of this may be here merely for transfer. The U S D A insists that their selling corn is merely cleaning up of old commitments which were delayed due to car shortages. There was also the uncertainty as to what might have to be furnished to meet previously made barter contracts. They claim now that most of the corn movement has been completed except for the remnants of barter calls. In wheat it will not be necessary in handling exports under P L 480 that shippers take the identical or the equivalent stocks from CCC. However, it is stated that the swap must be for the same class as that purchased from the government, and must be from ports serving the area in which wheat bought from the CCC was delivered. If under this plan such swaps tend to depress markets the government will drop the interior sales plan permanently.

New crop wheat futures were stronger at one time, as the Democratic Committee Special Advisory Group recommended an all-out attack on the present Administration's agricultural policies, and have demanded in effect that the support guarantee be returned to at least 90% of parity. However, the nearby futures declined and caused some selling toward the last. Beans were on the firm side, and there was some buying by a local house. Holland bought a thousand tons of soybeans for December shipment, but elsewhere it was quiet. Flour demand was still very poor.

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CHICAGO, 4 November 28, 1955

Secretary Benson, making a Thanksgiving Day speech before the National Grange, told that body that he was fully aware of the fact that farmers were in a cost-price squeeze. He called attention to gross farm income, which had dropped nearly $4 billion since 1951, while the cost of operating farms had hardly changed at all. He warned, however, that acting in haste or in panic was not the solution to present problems, and stated that this administration will not be stampeded into ill-considered action. While admitting that farm people had a right to expect sound and constructive help from the Department of Agriculture, he cautioned that they had made no blanket promises to embark on actions which have neither authority to invoke nor the means to implement. Furthermore, that he would make no such promises. Mr. Benson, himself a farmer, is mindful of producers' burdens at the present time. He has lived through everything which farmers are experiencing, and feels that while present farm prices are too low, there is no magic by which immediate relief may be had. He stated that in an area stretching from Maine to Hawaii, from Puerto Rico to Alaska, there can be no easy solution to all the problems that arise. Moreover, in a dynamic industry, such as farming, what helps today may be out of date tomorrow. The government stands ready to assist farmers through a sound program to adjust production and to market demands in the transition from war to peace. He has asked everyone who has apossible solution to get in touch with him except that he does not want a return to the 90% of parity loans for basic crops, which have brought about the present surplus problem. "Those surpluses," said the Secretary, "drive the price down and they have accumulated under rigid supports." He pointed out that while rigid supports may have been useful in wartime, they have failed in peacetime.

Apparently there is a movement afoot to supplement the loan program by paying a producer up to $5,000 a year for diverting surplus production land to grass, forage, and trees, and the proposal is designed to cut production of surplus crops on a long-term basis if adopted as administration policy. This plan would be placed before the Congress in January. The cost to the government may run as high as $1.4 billion in the fifteen years that it would remain in effect. For the first year it would probably cost somewhat between $400 and $500 million. To be eligible for payments, farmers would enter into voluntary five-year agreements with the government to take specified land out of production of surplus crops and put it in reserve for possible future need. Grasses and other soil building cover crops would be substituted in large part for wheat, cotton, and other surplus commodities.

There was no moisture over the week-end except in the Northwest and over portions of the corn belt. Much lower temperatures were recorded, and the cold wave came earlier than normally, which may possibly mean some extra feeding of corn. Soybeans were also firm, despite the fact that world production will probably reach an all-time high in 1955. The estimated total of nearly 764 million bu is 6% over 1954 and about two-thirds larger than the prewar average. Here at home our record crop of 372 million bu is still a factor to recognize, and large exports will be needed. To-date, our shipments have run only a little ahead of the same period last year, which includes exports to Canada. Unfortunately, we just missed out on some nice business, one allocation of 9 million bu to Japan went to China, and according to the American Soybean Association, the Japanese Ministry of International Trade and Industry favors trade with Red China, while the Japanese mills and larger importers prefer U. S. beans.

Chicago wheat stocks decreased less than 100,000 bu, leaving 15 million bu here. There was a local increase of 444,000 bu in the corn stock, lifting it to nearly 10 million bu, besides there is 857,000 bu afloat. Other changes were quite minor.

The U S wheat visible decreased 1 1/4 million bu, still leaving 403.5 million bu in all positions. There was an increase of nearly 5 million bu in corn with total stocks 4.2 mill larger than last season. Oats decreased 232,000 bu, and beans decreased 376,000 bu.

The most important news today was the strengthening in the spot corn basis, with an improvement of 3¢ per bu, probably due to the cold snap. Offerings from the country were very light, and there is also some export business expected with Brazil, which will involve private holdings. The flour demand was extremely poor through the holiday weekend, but when beans and corn advanced the leading cereal recovered and closed somewhat higher. We are told that offers are going out tonight to Brazil on five cargoes of corn, and if this business is placed it will probably take hedges out of the pit. Today was the calendar date for buying wheat, but we doubt whether this was much of an influence.

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CHICAGO, 4 Nov. 29, 1955.

As one of the leading farm journals points out, farm mechanization and other factors have been responsible for increasing total farm production by about 33%. This larger farm production per capita, with much less human labor, has boosted farmers' cash incomes from marketings about 600% per capita in fourteen years, while in the same fourteen years, non-farmer personal income per capita has increased 300%, so that the farmers' income boosts has been double that of non-farmers since 1940. There is, of course, this to be considered: namely, that greater production with fewer farmers, which is the result of mechanization and other efficiencies, has brought about changes in farm life. There has been a trend away from the small farm toward larger individual operations. In the eyes of many this may not be a desirable trend, but, nevertheless, it is real, and as we see it it will be impossible to stop.

In talking with one of our Canadian friends, who visited here this morning, the same is taking place in Canada. A farmer who formerly worked a farm of 160 acres, or a quarter of a section of land, is now able with the same machinery and hardly any more labor to handle three-quarters of a section, and maybe even a section of land, so that with the expensive tractors, reapers, and other machines that are being employed, there has developed a great change in farming methods, just the same as there has in industry. Whether we like it or not, or whether it is good for the country as a whole, we almost have to accept the inevitable situation, which is one of evolution. In spite of the balance sheet, which still looks good, as land values have held up well, it must be recognized that most of the farmers' assets are tied up in land, livestock, and machinery, and many farmers have had to borrow money to meet current operating costs. The squeeze hurts, particularly those who do not have much to sell. Net farm income has dropped from its all-time high of $16.8 billion in 1947 to about $11 billion at the present time, but there are 18% fewer farm people than in 1947. Therefore, it is quite obvious that even with the drop in net farm income, the average farmer has 15% more money in his pocket than he did in 1947. This will not prevent many complaints from being registered, particularly if industrial economy holds up as it has now for some time. In general, USDA foresees large feed supplies and lower average feed prices, increases in production of eggs, chickens and turkeys; production of meat animals nearly as large as in 1955; and the beginning of an increase in milk cow numbers. For the 1955-56 feeding season. beginning October 1st, total supplies of feed grains and other concentrates have reached a new high of 197 million tons, compared with 180 million tons in 1954-55. The big supplies this year are the result of record carryover stocks, large feed grain acreage and a generally favorable growing season. Although the livestock population is increasing the prospective supply per animal unit is 7% larger than last year and a little above the record.

We have reason to believe that deliveries of wheat on December contract will probably be very small. There has been a better demand for the wheat that is stored here, and a fairly good chunk of mixed wheat was sold from Chicago yesterday at 3 over December, and we understand that there is inquiry for more wheat at a slightly improved price. Therefore, we doubt whether tenders tomorrow will amount to much, and this was probably responsible for some of the strength today, particularly in the nearby month. While the carrying charge in corn has widened to about6¢, we still feel that several million bushels of corn may be delivered.

Primary receipts of wheat were a little over 1 million bu compared with 1.2 million bu last week, and 940,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 384,000 bu.

Our markets were not as active as yesterday, although there was firmness in wheat and in beans which for a time carried over to corn. The spot corn basis was 1 to 1 1/2 under, but the futures market reacted late in the session with the weakness in oats, and it is thought that there will also be rather heavy deliveries in that commodity. There may be some small quantities of rye tendered but it is hard to tell this early. In any event, we are not making very heavy inroads into our accumulations, and must depend mainly upon artificial factors for even moderate support. It was still very quiet in flour circles, and there was not much commercial business in the pit. December wheat was relatively a little stronger than the deferred months, and there seems to be a little friendlier feeling, which brought some moderate buying into the market. Weather Southwest is still dry, although the five-day outlook would indicate that there might be some snow in western Nebraska and western Kansas during the period. Generally speaking, it is still quite cold for this season of the year, although temperatures have moderated around the Lake. Oil was weak and processor demand slow.

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CHICAGO, 4

November 30, 1955

This writer spent two or three days during the forepart of the month at one of our great agricultural colleges, and had the opportunity to mingle with farmers and to get their views. There were a few independents who were not entirely satisfied with the regimentation that has been going on in agriculture, feeling that our agricultural programs must be kept within the means of our budget. In the longer run, they were more fearful that if the government controlled farm production and prices, eliminating that competition in agriculture, we would witness a gradual trend toward socialism. Some expressed the view that policies to limit output be reversed all along the line if we are to attain the high level of living which our resources should provide. They thought that our economic system could function only if we continued under a system of free enterprise, which was the American way of life. This is not to say that there were not a great many others who felt that our government owed them an obligation, and that it was merely a question as to what type of farm policy should finally be invoked to best safeguard their interests.

Our experience has always been that most of the real eminence in men is revealed as they are able to overcome the obstacles and perils of insecurity. Were it not for some of these insecurities, they probably would have remained quite mediocre. Archibald Rutledge, in a recent work, told of a cabinet maker and master craftsman of the ancient sort. One day he was asked to make a cabinet of the very strongest piece of oak he had. He told the prospective buyer that in order to accomplish this aim he would cut a tree on a bare hilltop. There it had withstood all the storms and elements of weather alone and without leaning on any other tree. That writer was so greatly impressed with this incident that whenever he considered the best person for a job, he tried to find one who had always been able to stand on his own two feet. He was little inspired by fond parents who told him they were going to spare their children all the hardships which they themselves had endured. Surely, charity if needlessly bestowed, will finally have a vicious effect. People who are promised support will hardly work. All grants, all subsidies, all rewards for services not rendered have a deleterious effect on character, and if character is not of foremost consideration, what is?

Before our market opened, soybean crushings were given at 25.3 million bu for the month of October, which was probably a record. The Agriculture Department predicted that at the end of the crop-year we would have a carryover reserve of 20 million bu vs. 10 million bu on October 1st of this year. They figured on larger crushings of 265 million bu compared with 249 million bu last year. They also calculated that farmers would probably put away 30 million bu for seed, whereas last year only 25 million bu was so used. On that basis we might expect another big crop in 1956. Exports they thought would reach a new high of at least 65 million bu,which would be 5 million more than in 1954-55.

According to Broomhall, crop conditions in Europe are mostly satisfactory for winter grains, although moisture supplies are rather light in a number of countries. Seeding is still under way in some sections but mostly completed on the Continent. Agricultural economists in the Department are not very optimistic over the prospect for the next four or five years. While some improvement in relative price position of farmers is likely, they still cautioned that there might be a further decline in farm income next year, and that surpluses would continue to press heavily on available markets for some time to come.

In Kansas City deliveries of wheat amounted to 1 1/2 million bu, which was more than had been expected, and it was a depressing factor there. Most of the wheat delivered had been originally taken on September contracts and apparently little came from elevators.

Primary receipts of wheat were 919,000 bu, a little less than last week and compared with 758,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 549,000 bu.

Tenders on December contracts were about as expected in corn with 3 million bu involved, 505,000 bu wheat, which was more than expected; oat tenders were 1 1/4 million bu, and rye amounted to 230,000 bu. Wheat was finally firm with deferred months strongest. Corn rallied after the previouslow in Decemberfailed to be pierced, but beans were strong on reports of light country movement. Generally at this season of the year pressure slackens and in a few farm areas price is within 3 to 5¢ of loan levels. Japan authorized imports of 8.8 million bu beans, including 3.3 million from U S between now and March.

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CHICAGO, 4

December 1, 1955

A good many people in this country who have never studied economics, nevertheless have practiced it. The housewife, for example, who refuses to buy strawberries in winter because they are too high, but prefers to substitute other fruit which is cheaper is doing her part in the orbit of economics. The youngster at the age of 5, who inquiringly wants to learn why we have to pay for things, is also in a similar category. The simple truth of it all is that as long as a human being has whims, desires, and wants to possess something, he is taking part in the general supply and demand situation. Without want for any article, nobody would work or produce it, or even sacrifice to buy it. Then again if it already existed in nature, obtainable merely for the asking, without requiring any work to produce it, nobody would care to own it. Many things we take for granted, such as the sunshine and the air, which we all need, but which are so plentiful that we forget that they actually have an economic value. To actually be within the economic domain, a thing must be scarce. Otherwise, if we can have all we want without turning a hand to get it it would hardly be worth a scrap of paper; therefore, scarcity is an important factor in any economy. Without it there would neither be ownership nor exchange of it at any price. Unless an article is both desired and scarce, no bargain basement is low enough to attract customers.

We are finding out how this works with respect to the surplus commodities which have been accumulated even though many of them are being withheld from normal trading channels. With a billion bushels of wheat on hand, even though most of it is under government control, there is certainly great reluctance on part of buyers to take a constructive view on price levels. Apparently this is being discovered by politicians, as well as economists, who are now trying to do everything in their power to cut down these reserves, even if it means a big loss to the government. Every effort is being made to find new or expanded outlets. Ordinarily these are found through price concessions, but at the moment the difficulty is not only national in scope, but seems to be international, with Canada and other countries also having accumulated; thus the solution is not an easy one.

The weekly crop reports from Oklahoma, Kansas, and Nebraska all speak of the need for moisture and surface soil conditions throughout the areas are very dry, although in some sections subsoil moisture conditions are still fair. There have been a few reports of soil blowing, and the lack of moisture has made fields vulnerable to wind erosion, There is some light snow looked for in the central and eastern portions of the Southwest this afternoon and tonight, and this morning we received word that it was misting and sleeting at Hutchinson,

Secretary Benson has outlined a six-point GOP farm program, which he said has President Eisenhower's approval. The six-steps include:

1- Stepped up surplus disposal and expansion of exports.
2- A vigorous purchase program to remove gluts.
3- Enlarged soil conservation and incentive payment programming especially in the drought areas.
4- Expansion of the rural development program for low-income farm families
5- Stepped up research emphasizing lower production costs, new uses for farm products and expansion of markets.
5- A speed up in a 10-state Great Plains program to make better use of wheat and grazing land.

When our market opened this morning there was not much new in the way of news to guide it other than Mr. Benson's announcement, which had little effect. However, when there were no early deliveries or retenders on December contracts a better feeling developed, particularly in corn, where an improvement in the spot corn basis to 1 1/2¢ over December, helped stimulate buying. At noon it was announced that corn tenders against December contracts were 215,000 bu, with no retenders, whereas yesterday there were 3,360,000 bu tendered. At Minneapolis 77,000 bu of wheat tendered yesterday made the rounds four times to account for total deliveries of 308,000. There have been no tenders so far today, and indications are that there will not be any.

Primary receipts of wheat were 1,040,000 bu vs 865,000 bu last year; a week ago today was the Thanksgiving holiday. Primary receipts of corn were 1,113,000 bu vs 1,691,000 bu lastyear. So far this week wheat stocks in Kansas City and Minneapolis have declined 695,000 bu.

Strength in corn stemmed from the improvement in the spot basis and country offerings are also light. In addition the demand for corn in the East shows some improvement, although eastern supplies are still available at prices considerably under the Chicago market.

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CHICAGO, 4

December 2, 1955

"Big business" seems to be the topic of the day. The senior Senator from Wyoming claims that his sub-committee has amassed abundant evidence that General Motors is too big, and he points to its large share of the auto, bus, Diesel locomotive business, and its rapid strides into road machinery. It might be interesting in this connection to point out that many years ago, the U. S. Steel Corporation produced about two-thirds of all the steel that was made in this country. A suit under the Anti-Trust Acts was brought against it. This is a matter of history. As a result the so-called "steel trust" used to be in textbooks as a favorite example of monopoly. This writer has been out of school for many years, but possibly it is still so used. What people do not know, or fail to remember, or seldom mention is that the case against the Corporation was carried to the Supreme Court. That Court declared it innocent some thirty years ago. People also seem not to realize that over the years the situation in the steel industry has greatly changed. Whereas U. S. Steel used to produce twice as much product as its competitors, we find nowadays that competitors are producing twice as much steel as the giant corporation. May be people are worrying needlessly about a situation which has done so much for the masses of our people to make it possible for every citizen in this country to ride in a car at the same time. With 8 million automobiles being manufactured yearly, what other nation in the world could begin to approach this record?

Speaking now of wheat, which is one of the two big headaches of the administration, we again call attention to our diminishing exports, despite all efforts under IWA and under subsidy to sell our wares abroad. No grain man believed even for a minute that the postwar peak of 505 million bu shipped in 1948-49 could be kept up for very long. Last year our shipments amounted to about 274 million bu. In the current season our total wheat supply has been estimated at about 1,941 million bu, including a carryover reserve of 1,021 million, Allowance has also been made for about 4 million bu imports from Canada. This constitutes an all-time high, exceeding the previous record a year earlier by about 3%. Domestic disappearance is indicated at about 625 million bu, which leaves approximately 1,315 million bu for export during the marketing year and carryover next July. If we repeat last year's shipments of 274 million bu we would have about 1,040 million bu on hand at end of the season. Now going one year ahead, if we assume that on a minimum of about 55 1/2 million acres, there is a yield of 15.5 bu, a crop of 860 million bu could be produced. Domestic disappearance next year is expected, according to the Department, to again total 625 million bu. Exports cannot be accurately forecast now but if they reach 274 million bu, it would afford some possibility for a slight reduction in the carryover by June 30, 1957.

When the loan program started in 1938, the support at Kansas City was 59¢ based on 52% of parity. These rates have climbed steadily over the years, reaching a high of $2.24 for the 1954 crop. The change was due to an increase both in parity index and the percentage of parity. For the 1955 crop there was a reduction to $2.08, reflecting a reduction from 90% to 82 1/2% of parity, and a further drop will take place next summer, but possibly not enough to bring about much correction in crop production.

Primary receipts of wheat today amounted to 1,067,000 bu which compared with 1,243,000 bu a week ago, and only 886,000 bu a year ago. Kansas City and Minneapolis stocks so far this week show a total decrease of 779,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 4,824,000 bu.

Trade was not particularly heavy, but apparently there was some flour business, and Minneapolis mills were good buyers of December and May wheat in that market.

The USDA claims that the percentage of farmers who are complying with their 1955 corn acreage allotments is considerably higher than it was a year ago. It is estimated that about 950 million bu of corn in the commercial area is eligible for support, compared with 720 million bu a year ago. Chances are that there will be more corn impounded than last year when the total was 259 million bu. Last season it was figured that only about 30% of the corn in the commercial area was eligible for support.

The spot basis for corn was 3¢ over December, and the futures market was firm. It was also reported that the U K had purchased a cargo for December shipment. This is not the season of the year when ordinarily wheat prices decline, and we are finding a better demand for hard wheat in Chicago, with the basis considerably better now than it was a week ago. On the other hand red wheat is only wanted in moderate quantities and there could be some re-tenders before the month is over. Beans were higher and there was no particular feature.

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December 5, 1955

A book of some 700 pages has just been released by the Department of Agriculture, dealing with the one topic, WATER. We have begun recently to realize that water is no longer, if it ever was, a free good. Ground water, indeed, is an exhaustible resource in many areas, although means of replenishing depleted supplies are coming into use. It may seem strange to those who realize that 71% of the earth's surface is covered by water that we should have to reach these conclusions, or to worry about a probable scarcity; yet the fact is that during the past fifty years our per capita consumption of water has doubled. For all purposes we require 1,300 gallons each day for every man, woman, and child; so the water problem is more or less a new experience to many Americans, although growth of industry and the extension of agriculture have made it more and more necessary to engage in huge irrigation projects. Water has thus become one of our major national concerns. Through the ages people have elected or have been compelled to settle in regions where water was deficient in amount, inferior in quality, or erratic in behavior. We have known for many years that West of the 100th Meridian semi-arid territories existed, and that in many years we had crop failures in those districts. Elsewhere farmers have had to haul water for stock in trucks from the city and even cities have had to haul water from farm ponds. Home owners in many places had to give up watering their lawns in order to husband municipal supplies. Some City Councils have had warnings that the growth of their cities would be limited by the availability of water. There have been factories that could not settle in territories until they were assured an abundance of clean water free from any saline solution.

Thus when we heard that certain districts in the Southwest had not had any rain or snow for nearly two months, there were visions again of a drought period even though soil moisture conditions had been quite favorable early this fall. Over the week-end snow was heaviest in Nebraska, although considerable snow-fall occurred over Kansas, but it was in the northwestern part of the state, and not much to the south except that 2 inches were received at Amarillo. Rainfall had been quite general over the corn belt area except for snow in Iowa. The map continues to be unsettled, and it is hoped that further relief will be afforded during the next twenty-four hours. The government's thirty-day outlook, for what it may be worth, expresses itself as believing that precipitation in the form of rain and snow will probably exceed the normal in states bordering the Mississippi and Ohio Valleys. The same holds true of the northern Rocky Mountains and West Coast. However, subnormal amounts are indicated in the Southwest and Southeast, and near normal elsewhere.

We were somewhat surprised to learn this morning that there were many areas in Canada that were deficient in subsoil reserves. We say this for the reason that more than 2 feet of snow have already fallen this winter in Winnipeg. However, moisture reports covering Western Canada have shown a marked change from a year ago. On the whole reserves over the Prairie Provinces are only one-third as good as they were a year ago, with the greatest deficiency in Saskatchewan, although the situation on summer-fallowed land is better and shows 119% of normal against 129% last season. All of this points to the need of better than average rains next year.

The reduction in Chicago wheat stocks of 254,000 bu leaves us with 14 3/4 million bu still on hand. Locally there was 1 million bu of corn added, making the total 11 million bu plus 857,000 bu afloat. An oat decrease of 312,000 bu leaves 4.3 million bu here. Beans decreased 459,000 bu, cutting our Chicago stock to 5 million bu, plus 387,000 bu which is in ships. The U S wheat visible decreased 4.4 million bu, cutting the total to 399 million bu, which is still 26.6 million larger than last season. Corn decreased 3 1/4 million bu, oats decreased 364,000 bu, while beans decreased 788,000 bu. Our total bean visible of 20.3 million is about twice as large as last year.

Markets were all very firm. There was some moderate flour business in spring varieties, but the export feature was dull, and we note that Turkey reappeared as a shipper last week after several months of inactivity. There were some inquiries for rye from the Continent, and some small parcels were said to have been worked. Corn was rather firm, and so was the basis. The country is offering very little, and small buying orders met with hardly any resistance.

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CHICAGO, 4 December 6, 1955

There have been very few periods since the beginning of the century when national income and farm income were at great variance. Until about 1950, the chart shows that both advances and declines were pretty much in the same ratio, but since that time consumer-income for industrial goods has been well maintained, while the piling up of surpluses has caused farm income to drop. This is one of the reasons for some of the discontentment on part of farmers at the present time. For the first ten months of this year retail sales aggregated $153 billion, an increase of 9% over the same period last year. Whether we may expect a continuation of this trend is always difficult to say, but many authorities feel that consumer-spending will likewise be much less of a stimulating force in 1956 than it has been over the past twelve months.

The government during the past several months has tried to curb credit buying to some extent and has tightened controls. They have undoubtedly recognized that the high rate of consumer-spending has been made possible by the sharp rise in personal indebtedness. Total consumer-credit in September increased by $657 million to reach an all-time high of $34.3 billion, and constituted 12.6% of disposable personal income. Possibly this is not excessive in a boom period but the rate of increase has at least caused some concern. Moreover, it should be noted that the indebtedness is highly concentrated in the group with incomes ranging from $3,000 to $7,500 per year. It is estimated that the average consumer with installment debt has about 25% of his disposable income pledged for this purpose. In addition these individuals carry the bulk of home mortgage indebtedness. It might also be noted that persons in these income brackets have a relatively small amount of liquid savings so that this group is pretty well "loaned-up," and will as a class be impelled to lighten their load by repayments of debt and by making new commitments on a more conservative basis. As for taxes, even if they are not reduced in 1956, there is not much margin left for assessing at a higher basis without destroying incentive. This can best be shown by the fact that if all income, after taxes, of everyone earning over $25,000annually were divided among the rest of the people in this country, each would receive only about $65.

Before our market opened this morning, the weather map showed practically no moisture Southwest, and the forecast was similarly bad, both daily and the five-day outlook not at all encouraging. Having been so dry in many areas for nearly two months, we had hoped that a good snow might have corrected this situation, but such does not appear to be the case. It was not surprising, therefore, that the market opened higher. Offerings of corn from the country were very light, and the early spot basis indicated 3 to 3 1/2 over, with the result that the December delivery continued firm as compared with later months. A fair amount of oats were reported moving in central Illinois, most of which seemed to be headed toward St. Louis, but a few also destined to Chicago.

The Agriculture Department reported that the government's investment in price-supported farm commodities reached a record of $7,745 million at the end of October. The monthly increase was accounted for chiefly in inventories and loans on cotton, wheat, and tobacco. An official with whom we recently spoke was of the opinion that this figure would go above $11 billion before long. Presently the Corporation has $12 billion of expendable money for loan and support activities.

Primary receipts of wheat were a little over the million-bu mark today, which was practically the same as last week, and compared with 943,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 114,000 bu.

Trade was very quiet and there was not much feature to wheat, except that the December delivery became strong. There was local, mill and commission house buying, and apparently offerings were light. While the nearby month went to a premium here, there is still a fairly substantial discount at Kansas City, as in the latter market deliveries are still circulating. It was extremely quiet in flour circles, and we are not getting much help or inspiration from that source. December oats were likewise strong, and gained on the more deferred months, but elsewhere there was no great activity, and changes were relatively unimportant. It is the season of the year when the country is not offering much grain, and for that reason we often have firm markets between now and Christmas.

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CHICAGO, 4 December 7, 1955

The case of the farmer has best been stated during the past three years by Mr. Benson, who though much maligned yet understands agricultural problems clearly, but like so many others does not have an immediate solution. He has recognized for long periods of time that once government accumulations take place, there is simply no easy way to unload them, and he has felt it his duty to emphasize this not only to farmers, but to all people of the country in the strongest possible terms. The very existence of large stockpiles in government hands rests as a burden upon markets. This refers to both domestic and world markets and will continue to be that way as long as these supplies exist. In his own words, he stated a day or two ago in New York: "The government can take over products, temporarily - but sooner or later a market, an actual use must be found. Supplies of even the most storable farm commodities can neither be increased indefinitely in the hands of government, nor held indefinitely. When the stockpiles must eventually be liquidated -- and eventually they must - - there are three alternatives -- only three, and no more: (1) The produce can sometime be moved into the domestic market - - but if and when it does, it goes to market in direct price competition with what then is being produced. You know what this would do to your prices. (2) It can be sold or given away overseas -- but except in small quantities and under special circumstances, this results in upsetting world markets, depressing world prices and stimulating restrictive and retaliatory measures by other countries. Again, these results adversely affect you. (3) We have left only the unthinkable--which is deliberately to destroy food."

Late yesterday, Mr. Benson stated that the administration was exploring the idea of restoring a 90% price support on top quality production only. He emphasized that he was not abandoning his flexible support plan, but that he did think there was some possibility for 90% of parity supports on top quality products only. The trade construes this as somewhat bullish on new-crop futures. We believe, however, that some explanation should accompany his remarks. First of all, the plan is more or less in keeping with the previously designed programs that USDA should take quality into account, just as it has discounted certain types of wheat in the next loan. Under the latest proposal, stress has been laid on quality production, and in that connection high protein wheat has always commanded better prices. We presume that top quality wheat would refer to those varieties that have been in favor with the milling industry containing strong gluten content. Even when no distinction was made on loans, wheat of that kind has sold above loan levels at harvest because of relative scarcity, and accordingly, it was wanted. We have heard one thought propounded: namely, that if big premiums are granted on loans for top quality wheat, it might result in a lower loan for ordinary types, so that the average of all qualities would still conform with the announced minimum average of $1.81 per bu for the 1956 crop.

Primary receipts of wheat amounted to only 664,000 bu, which compared with 919,000 bu last week, and 847,000 bu last year. Kansas City and Minneapolis stocks show a total decrease of 214,000 bu so far this week.

There was further strength in the wheat market today, the new crop futures gaining on the old, and possibly continued dry weather may have had something to do with it, but mainly we believe it was Mr. Benson's statement, which after all may not be too much of a factor if the higher loan rate is applicable only to high quality wheat. The December future stengthened a little more than March and May as shorts covered, and the open interest is gradually being reduced. Northwest elevator concerns were buyers of December in small lots on several occasions. The spot basis on corn was 3 1/2¢ over again. The nearby delivery was firm, but later months were indifferent, and trade was rather moderate. There was no feature to the bean market. Futures were a shade lower, but there was no pressure from the country. There were moderate offerings of oats from Illinois points, and a slight increase was noted. There was also a tendency for the country to sell more corn, but in some cases this was limited in the event that small price advances occurred.

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CHICAGO, 4 December 8, 1955

It looks now as though the administration might delay any early recommendations to Congress for reduction of taxes. The Secretary of the Treasury is opposed to any cutting at this time because of the nation's defense needs. He still believes, however, that the budget can be balanced by the end of the current fiscal year on basis of present estimates of incoming revenue. We are entirely sympathetic to whatever moneys are necessarily spent for defense, appreciating that we are living in a troubled world, and that we must be fully prepared for any emergency. On the other hand, we are disappointed, as no doubt so many other people in the country are, that the Congress has not accepted more of the recommendations set forth in the Hoover Report. Non-defense expenditures in 1939 amounted to $7.7 billion, while estimated expenditures for the same purpose are now running at the rate of about $25 billion; thus a three-fold increase. In addition to this, state and local governments are spending thirty to thirty-five billions. The number of civilian workers under the Executive Branch of government has increased about 339% in the past two decades. This is more than eleven times the rate of increase in non-government employment during the same period.

To illustrate our point on this subject a little better, we quote from an editorial written by Carl C. Harrington in the 1955 issue of MILL AND FACTORY:

"The warehouse and storage area of the government amounts to 31,000 acres - twice the size of Manhattan Island. It costs $3.5 billion to operate these facilities.

"The Navy has enough gear drives of a certain type to last 128 years.

"The Signal Corps keeps a stock level of 1.5 million dry-cell flashlight batteries - enough of this short-life item to last 8.5 years.

"It took the Department of Defense 8 weeks to find out whether 12 items were carried in stock.

"The Hoover Commission examined the amount of paper work involved in government operations: '25 billion, repeat billion, pieces of paper are created annually - not counting pamphlets, periodicals, etc. $4 billion spent annually on this paper work. 750,000 employees required to do this paper work. Record-keeping facilities take up $40 million worth of space a year - - enough file cabinets to fill seven Pentagons.'"

Before our market opened there was not much moisture reported, although a few light snows occurred over the Northwest and portions of eastern Kansas; elsewhere, it was generally fair and rather cold. Temperatures are lower than normal for the season. The state reports are not at all optimistic. In Oklahoma general rain is needed to improve surface moisture conditions, and there had been no precipitation of consequence since early in October. However, subsoil moisture is generally favorable, and small grains are in fair to good condition, although plant growth has been retarded. As for Kansas condition of wheat and other fall seeded crops continued to decline during the past week, as cold and generally dry weather persisted. Some damage occurred from high winds in some southwestern and south central counties. Moisture is urgently needed to tie down the soil to prevent weather erosion.

There was a report that Formosa had been allocated $5.5 million for the purchase of soybeans, and shortly after the opening the cotton estimate was reduced, which brought buying into the market.

Primary receipts of wheat today totaled only 738,000 bu; this compares with 1,040,000 bu a week ago, and 1,005,000 bu on comparable day of last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 318,000 bu.

The early strength in wheat was not maintained. Yesterday the open interest in December wheat declined 2 million bu, leaving a balance of approximately 8 1/4 million bu still to be liquidated. Flour business remains small to modest, although, according to The Southwestern Miller, flour buyers displayed somewhat more friendliness toward the market, and certainly not as bearish as a short time ago, but unfilled contracts still are of a sizeable total -- enough to meet needs through January or even beyond. Corn fluctuations were in a rather narrow range today, although toward the close strength was displayed. Spot corn in Chicago traded at 3 1/2 over. Offerings from the country are light, and there seems to be more country selling of oats than other grains.

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CHICAGO, 4 December 9, 1955

The Department of Agriculture is in for a great deal of criticism these days, but much of it is from uninformed persons who feel that the lower level of prices is directly attributable to modified support policies. They seem not to understand that what is taking place now in the way of accumulations has been going on for a period of many years. There was a mild interruption during World War II and its aftermath, when heavy European and Asiastic demand cut down some of the accumulations, and the same occurred later during the Korean conflict, but the main factor in wheat is that even with acreage reductions, we are raising near-billion-bushel crops each year as compared to 740 million bu in prewar days. At the same time we are not finding large enough outlets to prevent stockpiling at home. This does not mean that the administrators of agriculture are not trying to do their best. For example, there is about $ 18 million available for export promotion to develop larger exports of our surplus commodities for foreign currencies. Some of the measures which the Department is either using or considering to use include (1) a two-way exchange of visits by buyers and specialists: (2) participation in international trade affairs: (3) overseas education and demonstration: (4) foreign market analysis: (5) establishment of trade centers in other countries where U. S. farm products will be on display for the benefit of prospective buyers. There is also a move afoot for the promotion of individual commodities and we are promoting a better nutrition on a world-wide basis. Just how much new business this will develop remains to be seen, but at least it makes foreigners more conscious of what can be purchased here, and it has already borne some fruit.

The Agriculture Department also counsels farmers on how to get greater efficiency from their land and the best seeds to use for maximum production. In about ten days there will be a report issued from Washington explaining to farmers how they can prevent soil blowing and the effects of high winds which have caused erosion and other adverse conditions, in the past. We have no inside information on this subject except that experiements have been continuing for some time, and we understand that a shelter belt of trees properly planted and spaced has been found effective in reducing wind speed. There are hundreds, perhaps thousands, of other research activities recently developed,only a few of which we have been able to trace in these letters.

Before our market opened this morning weather reports indicated mostly fair conditions with little chance of precipitation even in the five-day outlook. We learned this morning that wheat around Hutchinson was badly in need of moisture and some was beginning to suffer as topsoil reserves were deficient. Similar complaints came fromWichita and if they get winds, blowing is feared. Around Salina wheat has gone back the last month or so and needs some moisture, otherwise crop conditions may become serious.

The figures of impoundings were released late yesterday, and showed that as of November 15th there was 208.5 million bu wheat placed under loan.This was an increase of 28 million bu for the month and compared with 334.5 million bu under loan at the same period last year. The final amount impounded from the 1954 crop was 431 million bu. Thus there was an increase of 97 million bu from this period forward. Should the same occur this year, or even if impoundings approximate that figure, it would naturally leave very little free wheat remaining from the amount produced in 1955. The 13 million bu soybeans placed under loan compared with 8 1/2 million bu last year, but, of course, the crop was larger and there was always a chance that good portions may be redeemed. Outstanding was the 8 1/4 million bu rye placed under support vs 4.3 million last season. This shows that earlier indications of heavy movement in the spring wheat country into loan was borne out, and accordingly it might become a more important market factor as time goes on.

Primary receipts of wheat today amounted to 832,000 bu compared with over 1 million bu last week, and 724,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 353,000 bu. When the wheat visible is posted on Monday it will compare with a shrinkage last year of 3 3/4 million bu.

Deferred wheat futures were firm but the December future has lost some of its gimp. Flour business continues in small volume. There are suggestions that the hog population should be cut, and according to one packing house expert, the spring hog report probably will show a decrease. This, however, would build up larger reserves of corn. Beans were weak on weekend evening up. Rye was up because of the loan figure, and a much higher market at Winnipeg, and some export business

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CHICAGO, 4 December 12, 1955

There have been all kinds of arguments pro and con as to whether this country is better off, as the family farm, which has always been so characteristic of American agriculture, is being taken over by large-scale producers. There is no denying the fact that farming today requires a high level of technical and managerial competence, including knowledge of soils and crops, animal husbandry, as well as repair and maintenance of machinery. Certainly not everyone is suited for the work. It is quite a change from the time when a farmer, helped by his family and using oxen, mules or horses, could plow the land and reap the harvest.

Mr. Charles B. Shuman, President of the American Farm Bureau Federation, pointed out recently - - "To be efficient today a farmer has to have a business large enough to justify the capital investment required by modern farming methods. This does not mean we are moving away from the family farm. It simply means that the family farm is growing with the economy of the country." Mr. Shuman is not pessimistic in looking ahead. He does believe, however, that programs for helping agriculture to be successful must facilitate rather than obstruct adaption to changes that are inevitable. Again in his words he states: "The future of agriculture is still bright if we reduce the role of government in agriculture and production for the rapidly expanding consumer market rather than for government storage bins. We have lost much of our market both at home and abroad as a result of unwise fixing of prices at 90% of parity. The total agricultural plant is overexpanded. Any government program which encourages further expansion is not in the long-time best interest of farmers. High, rigid price supports, subsidy or income payments, and special government purchase programs all delay needed adjustments and in the long run will further reduce farm income."

There are meetings in Washington trying to find out in what respect changes in farm programs should occur to correct existing problems. In our opinion, American agriculture for some time has been producing far in excess of market requirements, and recognition of this factor may prove of some benefit in trying to solve the issues. It is quite apparent that we have not coped with our problems sufficiently well to bring about much relief. Neither acreage restrictions nor marketing controls have been the answer. Neither have we been able to give away sufficiently, nor to barter, nor to sell surpluses at home or abroad in such volume as to prevent normal trade channels from becoming congested. It is for this reason that Congress may adopt what has been referred to as the "Soil Bank" Plan, by which the Federal Treasury would have to provide enough money to take out of production sufficient acreage to halt further accumulations of surpluses. This, we understand, will be one of the six-points in the Benson Program, and we are told that it has the backing of the American Farm Bureau Federation, which is one of the biggest rural organizations. The scheme is to shift surplus crop land into soil-building grasses. We understand that its cost would be $ 1.5 billion, and would comprise a fifteen-year program by which $400 million would be paid out in 1956 alone in an effort to curb farm production.

Chicago wheat stocks decreased 147,000 bu leaving 14.6 million bu in elevators. Corn increased 253,000 bu to a total of 11 1/4 million bu, but in addition there is 1 1/4 million bu afloat. Oat stocks showed a heavy decrease locally, with 3.7 million bu in elevators and 157,000 bu in ships. Rye showed a small decrease, and beans also decreased to a little under 5 million bu, but there is 1/2 million bu afloat.

Trade was not large, but there was a fair amount of strength in wheat and in rye. The rye market has been doing better since the government figures on impoundings showed so much of the crop tied up under the loan. Today there was considerable short covering at Winnipeg and possibly some export business. Some scattered moderate sized flour sales were reported over the week-end but it was difficult to see many hedges lifted in the pit. Corn was quite indifferent. The Chicago corn-hog ratiofor the week was down to 8.4 vs 8.9 last week, and 11.5 last year. Beans advanced towards the last with the January future strongest of the nearby, but July was nearly 2¢ higher.

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CHICAGO, 4 December 13, 1955

The head of the largest farm organization held a Press Conference here in Chicago yesterday, and said that the present flexible price support program, which went into operation in the 1955-56 crop-year, was a "compromise solution" to the farm problem and was delayed too long, while surpluses continued to pile up for five years under fixed 90%-of-parity supports. The same party criticised the limited range of flexibility, which averages from 82 1/2 to 90%, and said that the Farm Bureau originally had supported a much wider range for loans: namely, from 72 to 90%. This coming from a farm organization is quite indicative and is quite different from many of the political utterances we hear, and which are apparently intended in many cases to get votes. Mr. Shuman, referred to above, claimed that the cause of our present problem has been the political pricing of farm products. It is in such a mess that it is going to take some time to work out, as he phrased it.

Unfortunately we cannot subsidize agriculture the way we do some of the industries. There is a fine article in the last issue of Harper's, which suggests that one look at the airlines, the steamship companies, the manufacturers, with their tariffs, who are all doing well at the taxpayers' expense, but they point out that there is a catch to this argument -- many such subsidized industries are producing something that we need, or at least can use. Farmers on the other hand are being subsidized to produce millions of tons of things, such as cotton, wheat, rice, butter, etc., which we not only do not need, but cannot possibly use, and cannot even give away. The article goes on to say that the government has $7 1/2 billion invested in useless crops placed in dead storage, with a billion bu of wheat overflowing from every grain elevator in the country, stored in liberty ships, tied up as floating warehouses, also heaped on the ground -- nobody wants it, yet Washington is encouraging the farmers to plant still more and promising to take it off their hands at a guaranteed high price.

Before our market opened there had been reports of very severe weather in Canada, probably the worst blizzard in Saskatchewan that ever occurred. The cold is apparently working this way and may reach some of our southwestern states within the next few days. In the meantime there seems to be some chance for a few snow flurries in Kansas and Oklahoma, but amounts are likely to be small, and the five-day forecast indicates less than one-tenth inch moisture in prospect. All this had a firming influence on wheat, and additionally, there was a report that a sale had been made out of this market to a mill at a fairly good price level, but at some concession from previous transactions.

Export wheat business was slow and only a limited amount of flour was sold abroad. Formosa purchased 2 cargoes soybeans for December-January shipment, which figured about 6 over January, FOB Gulf. The early spot price on corn was 2 1/2¢ over, and movement from the country was small, but there was some selling of December corn, believed to be a re-tender against earlier deliveries.

A bulletin from the University of Illinois points out that the farmer's share of the national income dropped 52% from 1917 to 1921 and about the same amount from 1948 to 1955, concluding that special farm legislation has not prevented the farmer's share of national income from declining as much as it did after World War I. They further conclude that farm prices and income have now reached such a low level in relation to national income that they might make some recovery during the next year or so.

Primary receipts of wheat today totaled 517,000 bu, although Minneapolis was missing; this compares with 1,062,000 bu a week ago, and 1,213,000 bu a year ago. The visible supply, which was not posted until this morning, showed a wheat decrease of 3,691,000 bu, leaving a total of approximately 369 million bu, or about 27 million more than a year ago. The corn visible increased 2,501,000 bu, making the total about the same as a year ago.

Flour business has been slow for both domestic and export purposes. The main feature in the wheat market today was short covering in the December, in which the open interest remained at about 6 1/2 million bu as of yesterday. Usually at this time of the year we run into holiday markets, but it is extremely quiet, with only slightly over 30 million bu traded in all grains yesterday. Corn was neglected, although some elevator interests seemed to be changing hedges from December to May.

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CHICAGO, 4 December 14, 1955

In 1920, the population of the U. S. was 106 million people, and at that time the number of persons on farms was nearly 32 million, or about 30%. At the present time we have a population of about 165 million, which includes the armed forces overseas, and the number of persons on farms is 22.1 million, or 13.5%. The percentage of farm workers has been declining steadily during the past thirty-five years, and, of course, greater efficiency with more machinery ,added tractors, etc. has brought about this great achievement, while at the same time we have been adding greatly to our production. For example, in 1920, we raised a wheat crop of 843 million bu, while last summer the yield was 917 million bu, despite drought and acreage cutbacks. As a matter of fact, we have been raising billion-bushel wheat crops almost continuously since 1944, and actually the ten-year average since that period has amounted to 1,154 million bu in the years, 1944 to 1953, inclusive. Since then we have dropped to slightly under the billion-bushel mark, as the government stepped in and cut the wheat acreage to about 55 million, but even after such steps were taken we still were able to produce sufficient quantities to take care of our domestic and export requirements. Thus the heavy accumulations built up in previous years have been more or less of a dead weight on the market. It is for that reason that further steps are now being entertained to get our house in order. It is generally recognized that with normal weather conditions even a smaller acreage produces more now than it did in former times, and with technological developments we have added greatly to the yields per acre. A similar story might be written for corn, oats, and other cereals, but we have stressed this on other occasions and shall not repeat it here.

In any case, Secretary Benson is about ready to lay a new program before the Congress, and his advisory group has approved the "soil bank" plan that would shift surplus land into grass crops. The farmer would be paid for this, and the disbursements during the first year would amount to about $400 million, and over ten years would require an expenditure of about $1.5 billion. A majority of the group also favored setting limits on the amount of price-support loans that an individual farmer may obtain, although we understand that the advisory group differed widely on how high the ceiling should be. It might be stated at this point that the Chandler Co. of Saragosa, Texas, has an advance from the Treasury for $814,000, representing a cotton loan. The Louisiana Irrigation & Mill Co., of Crowley, Louisiana, turned its surplus rice over to the taxpayer for $486,727. Adams Brothers & Co. of Cdebolt, Iowa, received $179,127 in loans. Many more disclosures are found in the pages of our government records. Suffice it to say, a good deal of the money is going to about 2 million farmers, many of them corporations, who grow 85% of the total farm output. They operate a little more than a third of the farms.

Primary receipts of wheat today were a little heavier, amounting to 1,317,000 bu which compared with 664,000 bu last week, and 985,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 316,000 bu.

Wheat was on the easy side early in the session, but later firmed a little on talk of considerable export business, Japan having taken about three cargoes of wheat via the Pacific, while, according to latest reports, Germany may take 10 cargoes from us on January 3rd, although believe they are also buying a considerable quantity in Canada. The same is true of Japan, and they bought some Manitobas as well as some Australian wheat.

Weather in Argentina seems to be somewhat better, and according to the Minister of Agriculture in that country, prospects are now fair to good. Rain during the latter part of November benefited the crop in the later sown areas. However, they failed to effect much recovery for the early wheat.

According to Mr. Benson's statement he is trying to push sales abroad, and will add wheat, corn, rice, and dried beans to the list of surplus commodities to welfare agencies which are doing an overseas distribution business.

Beans were finally lower even though it was reported that Formosa was expected to purchase three cargoes later this month, and at the same time Norway, Denmark, and Germany are also inquiring for beans. Corn was very weak.

Cold weather is reported in Europe, but no indication of adverse effects upon grains. There has been rain and snow in a number of countries which has been generally beneficial. In France the moisture helped to replenish reserves which were low. Winter grains are generally favorable in Italy, and moisture supplies seem to be adequate. In western Germany, conditions in the north and in the west are appreciably better than a year ago, but frosts in the south have halted develop-

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CHICAGO, 4 December 15, 1955

We have been writing a great deal in our Daily Market Letter about farm problems and political attempts to solve them. We, as grain men, have every reason to desire that producers receive the highest possible prices for their products, but we have constantly maintained that the market must not be tampered with for the purpose of obtaining artificially high prices without injury in the end to the producer himself, and without detriment to the general welfare. We considered it a mis-use of power to raise prices of various products to levels higher than the open market could yield, and while at times we were alone in our warnings, we feel that at least one of the major farm bureaus is now seeing eye to eye with our previously expressed thoughts.

Mr. Shuman in his recent annual address before his Federation, stated that if Congress had permitted the flexible price support legislation to go into effect in 1949, as originally scheduled, it might have prevented the serious accumulations of agricultural commodities in government storage, and the resultant depressing effect upon farm prices and farm incomes. However, he stated: "The accumulation now is so great and the situation so acute that no one remedy or panacea will bring about the correction of our difficulties." Mr. Shuman stated: that our experience has proven that the type of price support program used had tended to freeze agriculture into uneconomic patterns, and to deny farm families the opportunity to share the fruits of an expanding economy. It is his contention that government farm programs should encourage farmers to make the changes which consumers demand and other conditions dictate. Demand for agricultural commodities changes over the years, and farmers cannot expect to prosper unless they adjust their operations accordingly. Mr. Shuman does not consider the experience of the last 25 years entirely wasted if farmers take to heart and remember some of the lessons that they have learned. One of those lessons is that farmers cannot ask government to fix farm prices at a profitable level unless they are prepared to accept allocation of the right to produce the products which are price-fixed.

Late yesterday Secretary Benson spoke of a supplementary program whereby wheat, corn, rice and dried beans would be added to the list of surplus commodities which would be given to U. S. Welfare agencies for relief distribution overseas. Representatives of 18 private welfare agencies estimated that they would be able to distribute about 750 million pounds of these additional products to 67 countries during 1956. This is about equal to the amount of other products they expect to get from the Agriculture Department, mainly dairy products, and vegetable oils. Since wheat will comprise about 3/5ths of the give-away program, it is equivalent to about 8 million bu. While a wonderful thing for philanthropy, 8 million bu is not very large in proportion to the billion bushels of wheat that the government has under ownership.

Primary receipts of wheat were quite light today, and amounted to only 631,000 bu compared with 738,000 bu last week, and 985,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 455,000 bu.

In spite of the headline news about the give-away program, wheat and other grains failed to hold any of the early firmness, and there seemed to be liquidation. It rather appears that the more our surplus problem is emphasized the more it restrains traders from taking a constructive position. The same naturally is true of actual users of grain. It remains extremely dull in flour circles, and a rather unimportant volume is involved in daily transactions. India bought a cargo of Pacific Coast wheat, and is reported to be in the market for more. There was also an early report that Greece had purchased 9 cargoes of #2 hard wheat for January-February shipment, but this failed to attract much attention.

While it is still dry and cold over the Southwest, the Oklahoma report claimed that condition of small grains ranged from poor to good. Wheat roots were beginning to penetrate the subsoil, but plant growth has been dormant for the past two weeks because dry surface soil is loose and rain is needed. Corn was fractionally lower. Country offerings are light but this may all change after the turn of the year. Minneapolis wheat futures were quite weak on liquidation. There was 244,000 bu wheat delivered. That market has been ruling quite strong in comparison with Chicago and Kansas City. Our oat market was weak and so was the spot market.

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CHICAGO, 4

December 16, 1955

In 1920, James E. Boyle, who at that time taught rural economy in the College of Agriculture at Cornell, came to Chicago to make an extensive study of marketing conditions and the functions of the Chicago Board of Trade. He concluded that a careful study of the figures published by the U.S. Department of Agriculture which gave the annual wheat production, and the average farm price of wheat for the past fifty years had indicated conclusively that during that entire period average prices actually fluctuated with the total wheat supply. Then our consumption was relatively stable, and there was not the great variance in exports, but the Professor reasoned that from his studies there was sufficient proof of the fundamental market truth that supply and demand governed prices in a broad and general way. In his computations he dealt with averages and not merely the daily swings. Boyle's theory was that the demand side is the sensitive side of the market showing the consumer's ultimate force in directing what shall be produced by deciding what shall be consumed. Prior to the time of the Federal Farm Board operations and the resultant parity program, we enjoyed fairly stable farm prices in this country, and were never burdened with the huge reserve stocks at the end of any season, such as we are experiencing at the present time. There was a very definite relationship between farm income and national income. In years of scarcity, or during World War I, farm income surged ahead of national income, but on the whole the two graphic lines paralleled each other quite consistently.

In the present circumstance of stockpiling, our government is relying more upon charitable bequests than ever before. This is not solely for philanthropic reasons but rather in an effort to correct the supply situation, which has gotten out of hand. We are producing currently approximately 15% more agricultural products in this country than we are able to consume domestically. Such a quantity might not be difficult to export, but on top of that is the stockpiling of goods from past years. Mr. Shuman, in his speech a few days ago, termed it a fallacy that we could eliminate our surpluses by giving them to hungry people of the world. Actually he stated that the nations that do have problems of undernourishment do not always wish to accept our surplus food products as gifts. The products of which we have the greatest surplus accumulations, such as wheat, cotton, corn, rice, and tobacco, are in surplus supply situations in many other countries of the world. He believes that with the present high level of employment and wages in the U.S., the only reason for a poor diet domestically is in most cases due to ignorance or a lack of desire for a good diet, or a greater preference for other things. No nation in the world will permit us to dump our unneeded farm surplus supplies on its markets to the detriment of its domestic producers, and in any case charity gifts perform a service involving a slow process, which does not offer immediate aid in eliminating our accumulated agricultural products.

Primary receipts of wheat today were 755,000 bu, which compared with 832,000 bu last week, and 902,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 597,000 bu. When the wheat visible is posted on Monday it will compare with a decrease last year of 2.6 million bu.

Trade was extremely dull, and the same was true in outside markets. At Minneapolis where there was quite a recovery after yesterday's break, they told us there were only a handful of brokers in the pit. It is very quiet in the flour trade, and current bookings average a little above 25 to 35% of capacity. Nevertheless, there was early firmness in markats, with some export business reported in lard and soybean oil, as well as cottonseed oil, but the response in beans was never very great. Our December wheat stays relatively firm, and there was some transferring of hedges from March to May by an elevator concern, but on the whole the market travelled a listless course, and without any particular news, although rye was very strong. Some light snow is possible in eastern Kansas, according to the five-day forecast, but generally speaking, it is still dry Southwest. On Monday the government will give us final figures on 1955 crop production.

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CHICAGO, 4 December 19, 1955

World production of wheat is now estimated by the Foreign Agricultural Service at 7,300 million bu, which is about 355 million bu more than the 1954 crop, and 1,405 million bu above the 1945-49 average. It is quite obvious, therefore, that the surplus situation is international in scope, and we have pointed this out repeatedly. Thus any small variations that we may effect in this country are rather minor in character, although our biggest problem is to try to get supply and demand into better balance, and every effort is being made to export larger quantities either through charitable gifts or otherwise, while at the same time methods are being sought to cut acreage. The last proposal was the "soil bank" program, which apparently is to be used as an adjunct to other existing legislation already on the books. The current world estimate as given above is slightly below the September figure, with the principalchanges in upward revisions for France, Italy, and Turkey offset by a reduction in the allowance formerly used for the Soviet Union.

Wheat production in Europe is estimated at 1,770 million bu, which is about 50 million larger than last year. There were record crops in Italy, the German Republic, and Belgium, while near-record harvests were reported in France and Greece, which more than offset the cutbacks in Spain, Portugal, and Sweden. Wheat production in Asia is placed at 1,815 million bu, with a substantial increase given for Turkey. In Africa the 1955 wheat crop is estimated at 190 million bu compared with 220 million bu a year ago, and in the report from which this material is taken Australia's wheat outturn is tentatively placed at 210 million bu, which would be the largest since 1949, although we note this morning that the first official estimate from that country indicates smaller production and a crop of 188 million bu is now forecast, which would compare with 166 million a year ago. In addition to this, however, they have a huge surplus which must be added to the total supply figure.

In Argentina the wheat crop is officially estimated at 167 million bu vs 282 million last year. That, of course, is a big reduction, but in view of other figures for major exporting countries, it may not have very much influence on the general price situation. An earlier estimate for Argentina gave the crop outlook considerably larger, at 240 million bu against actual production of 282 million last year. It would, of course, be a great help if Southern Hemisphere production were pared down to the estimate that the latest reports point, but still with the large supplies in Canada, and with Turkey and France shipping some grain to deficiency countries, it remains to be seen how much of a help this will be to us.

The National Advisory Council has recently decided that sales of contracts under P. L. 480 must contain a provision requiring the maintenance of currency value at the time the loan provisions of these agreements fall due. This has to do with shipments that are made to certain friendly nations on basis of their monetary values. Prior to the decision just referred to, there was no such stipulation, and in the case of sales of our agricultural commodities to Brazil, it was not necessary for them to maintain the value of the cruzeiro. There is some doubt being expressed whether P. L. 480 is really doing us much good in international circles, and while it was originally intended to be helpful in expediting sales, some of the Far Eastern nations are now claiming that it is not winning us friends throughout the world.

The wheat visible supply showed a decrease of 3 3/4 million bu and total stocks have been cut to 391 1/2 million bu, but there is still 25 1/2 million bu more in various positions than last year. The corn visible increased nearly 1 1/2 million bu, oats decreased 325,000 bu, and beans decreased 387,000 bu. Here in Chicago we had a small wheat decrease of 201,000 bu, leaving 14.4 million bu here. Corn showed a moderate decrease in elevator stocks, but afloat increased 512,000 bu, and altogether there is nearly 13 million bu locally held. There was a large decrease in Chicago oats stocks, cutting the supply to 3 million bu, although there is 327,000 bu in boats. The bean stock was cut to 4.8 million bu in Chicago, but there is 628,000 bu afloat, so there is a total of nearly 5 1/2 million bu here.

Trade was not particularly heavy, but our wheat market was firm, and there was even greater strength at Minneapolis where the December wheat in that market was tight. The open interest up there has been cut to small proportions. Beans were a little higher, and there were reports from Washington indicating that exports of fats and oils would be large, and this probably had an influence, as did also the fact that Formosa might be in the market for 3 additional cargoes of beans for later shipment. Corn was quite indifferent. There was no feature, except that spot corn was traded at 3 to 3 1/2 over. Final estimates of the 1955 production are being awaited.

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CHICAGO, 4

December 20, 1955

Almost every newspaper that one picks up has something to say about farm income and the continuing squeeze between the products that a farmer sells and the goods that he buys. It is, of course, accentuated owing to the fact that industrial prosperity keeps up, and most non-agricultural goods are still bringing high prices, while farmers' realized net income for 1955 will probably drop to around $10.6 billion, or 10% less than the $11.8 billion realized in 1954. At the same time production expenses are slightly higher, and unfortunately the outlook for 1956 is for some further decline in gross farm income reflecting further acreage restrictions on some crops and slightly lower average prices for the year as a whole. On the other hand some farmers may be able to reduce their overhead a little because of lower feed costs, but on the whole net income will probably show some decline in 1956. We reached the peak of farm prosperity in 1947, and that year realized net income from agriculture hit a record of $16.7 billion, a figure never before attained. When we look at the so-called base period, to which economists so often refer in computing parity ratios, we find that realized net income in those years averaged a little better than $3 1/2 billion. Of course, the dollar had more buying power at that time, and it was before either of the World Wars, and before inflation had played such an important role in our economy.

Production expense of farmers has gone up tremendously. During that base period total outlays of various kinds amounted to only $3 1/2 billion to $4 billion, while presently it costs $22 billion to $23 billion to do the work with overhead prices higher, many more tractors being used, labor expenses up, and a host of other things directly dealing with farm costs. Some of these disbursements are controllable but others are not, and with machinery of various kinds bringing top prices, it is necessary that gross farm income be maintained, otherwise operations cannot be as profitable.

After the close of the market yesterday, we had final figures on the 1955 crop production. The wheat figure was increased by 23 million bu. There was little change in spring wheat production except that the durum crop turned out 6 million better than anticipated earlier, and the balance was mostly in winter wheat, with the crop now reckoned to be 705 million bu, or practically 100 million less than last year. The corn crop showed very little change and the same was true of beans. However, the bean crop was a record for all time, and the corn estimate of 3,184 million bu compared with a ten-year average of 3,090 million bu, which is not only satisfactory, but comes on top of an enormous carryover. There was a surprising reduction in the oat crop, the cut bringing it down to 1,575 million bu, or 60 million smaller than the earlier estimate, but yet this compares with 1,323 million bu average in the years 1944-53, and by all reasoning this is still a very big yield. There was hardly any change for rye, and, indeed, the 1955 crop is some 8 million bu larger than the ten-year average, but with smaller imports and large impoundings, these are offsets, besides which the price is still quite low.

Primary receipts of wheat today amounted to 934,000 bu compared with only 517,000 bu last week, and 1,141,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 159,000 bu.

There was quite a little buying of December corn today by an elevator concern, covering those hedges and placing them in March. There was also some evening up in December oats and December wheat, as today was the last day for trading in the pit, but not much trade in the later deliveries. There was, however, some additional flour business put through for the account of spring wheat mills on protection against price advance, but there was only a moderate amount of commercial business in the pit. We heard that two cargoes of milo had been sold to Norway for January-February shipment, but otherwise the holiday spirit prevailed and there was no leadership.

Weather has become somewhat more moderate, although still cold in many localities. No snow or rain is indicated for the Southwest, and this includes the five-day outlook, as well as the overnight forecast. In the last few minutes of trade, December wheat collapsed and sold 8¢ below the day's high point.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 21, 1955

With the tremendous farm productivity, of which we hear so much, it is still a fact that many farms in this country are far from efficient. Today only about 13% of our civilian labor force is employed on farms, and one farm worker produces enough food, fiber, and tobacco for himself and nearly 18 other persons. It should be pointed out, however, that according to the 1950 census of agriculture, about 2.1 million units which were large enough to be classified as bonafide commercial farms, which grossed $2,500 or more annually, were producing about 88% of our farm products. Against this the other 3.3 million farms, which comprise over 60% of the total, were producing only 12%. Thus when politicians or others are trying to help farmers, they must take into account this great variation in farm classification. In order to help the little man, one must consider that either he has very little machinery of any kind, in which case his unit production is expensive, or if he does go into fine equipment, it is an uneconomical operation, as he could very easily bring down his overhead enormously if he farmed a larger tract of land. Consequently, there are inherent problems right from the start, which were not so serious in former times.

When we look at the balance sheet from an over-all position, farming seems to be quite an impressive business. First of all, U.S. farmers on the first of this year had total real estate holdings valued at $91 billion; besides that their equipment, crops, livestock, etc. were worth $50 billion. Their cash and investments amounted to $22 billion, or a grand total of $163 billion. Against this farm indebtedness was a relatively low figure and amounted to only $18 billion, which left a net equity of $145 billion. Furthermore, farmers had enough liquid financial assets to more than retire their debts. The trouble, however, seems to be in some of the smaller units, and this is probably the reason that a good many of them have been absorbed by larger operators. In that respect it is probably no different from the automobile business, or any other commercial enterprise, which for technological considerations had to do the same thing.

In yesterday's session there seemed to have been about a million bu December wheat liquidated by one broker, and in the last few minutes of trade the nearby delivery became very sloppy, and apparently there was only moderate mill or elevator buying, as nobody had been prepared for such weakness. We did hear this morning, however, that industrial users picked up December wheat in reasonable volume at about 4¢ under March, and we understand that cash wheat would be still taken at that price. It is rather difficult even with the additional information and data now available to state with extreme accuracy what grades of free wheat there are here in Chicago. When we look at the deliverable wheat contract stocks of 10.2 million bu, this does not tell the full story. The commercial supply in this city amounts to nearly 14 1/2 million bu. There is about 7.8 million bu owned by CCC or under loan, so that when this is deducted from the total, it would leave about 6.6 million bu. We have no way of telling whether much of this quantity of free wheat is in the contract stocks or whether some of it owned by mills, where it would probably not be available for delivery, so that there is a good deal of guessing still going on. In any case one of the large commission houses sold March wheat this morning against purchases of May, and may have been encouraged to sell the nearby month after yesterday's disappointing action in the December future. Anyone who carries wheat from now until March without disposing of it in the interim would have to pay about 5 1/2¢ per bu in the way of storage, interest, insurance, etc.

Primary receipts of wheat today were only 662,000 bu which was very much in line with last year, but compared with 1.3 million bu a year ago. Kansas City and Minneapolis stocks so far this week show a total decrease of 166,000 bu.

After some hesitancy wheat became stronger, and was undoubtedly influenced by a higher market at Kansas City, and besides this, elevators were asking big prices for cash wheat, and local millers seemed a little more anxious to buy, all of which created a little bullish sentiment. Corn receipts were light, and the market went up on small buying orders, while beans were quite strong as there is a good demand for products for nearby shipment. Also some export business was reported, with one of the houses here taking round lots of several different months, apparently lifting hedges, and later there seemed to be commission house buying. According to talk, Formosa purchased three cargoes, and overseas inspections were large last week. After the close today the government will issue acreage and production figures for the 1956 winter wheat crop, as well as the acreage and condition of rye. A year ago the wheat crop was estimated at 679 mill. bu, but the final crop figure was 26 million bu greater.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.
MERCHANTS EXCH. OF ST. LOUIS

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Dec. 22, 1955.

On basis of the last crop figures it is not hard to see why we are having some difficulty in exporting our wheat to foreign countries. First of all, European countries raised 1,740 million bu of wheat last summer, which was one of the best years they ever had. Canadian production was also quite satisfactory, with a yield in that country of 498 million bu. The results in Argentina last year were favorable, with a wheat crop of 282 million bu, and Australian production amounted to 167 million bu. Our crop was somewhat smaller than for the past number of years, but yet we raised 938 million bu in spite of adverse weather conditions in the winter wheat belt, and this should be more than enough to take care of all of our home requirements, plus likely exports. Thus, it looks as though we would add somewhat to the carryover reserve on July 1, 1956.

Even now it would be difficult to ship as much as planned except for the fact that the various government programs are important tools for stimulating U S agricultural exports. In the fiscal year 1954-55, two-fifths of all the cotton, three-quarters of the bread-grain, and two-thirds of all dairy products were exported under government programs of one kind or another. Of the $3.1 billion worth of U S farm products there were shipped $932 million was handled under government programs, and in the case of dairy products we probably would have shipped very little abroad except that those forces were in operation. Actually about $128 million worth of products were sent abroad, including foreign donations under Section 416, while a good many items were shipped under P L 480, and strangely enough Japan was far in the lead, with Yugoslavia and Italy ranking next. All told there were 17 participating in this public law whereby foreign currencies were accepted by our government.

Before our market opened there was not too much to guide it, except that we had a bearish government report issued last night, and winter wheat was estimated at 735 million bu as a possible crop for next summer. This compares with 679 million bu, the figure given us a year ago at this time, but actually the crop turned out 26 million bu greater. Wheat apparently had gotten off to a good start, but as surface moisture now is deficient, some losses may occur unless we get snows during the winter --none is in prospect at this time for the dry areas of the Southwest. Should we raise a spring wheat crop as large as last season, namely, 232 million bu, our total production would amount to 967 million bu, on which basis there is not much chance for cutting into accumulated reserves. We say this in spite of all efforts that are being made by the government to ship larger quantities abroad. In its calculations, the government allows for winter killing and abandonment of 18%. This figure may be raised or lowered according to future weather conditions. The rye crop probably will be somewhat smaller, as acreage has been reduced, and the condition is 3 points lower, but no production figure was given. It is a fact, however, that the intended acreage is about 1 million bu greater than the average for the past ten years.

Primary receipts of wheat amounted to 794,000 bu; this compared with 631,000 bu last week, and 949,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 352,000 bu.

It was extremely quiet today, and at times there were only a handful of brokers in the various pits. Markets, however, were lower for the most part, although beans held steady for a time, and there was firmness in oats. Wheat was undoubtedly influenced by the bearish crop estimate, and the July and September futures went down more than did the old crop months. U S wheat and flour shipments for the week were small at only 2.1 million bu, and the total since July 1st is 108 million bu compared with 92 3/4 million bu a year ago. Corn exports for the week were larger at 3.6 million bu, and since the first of October we have shipped 20 million bu more than last season. Soybean exports were 3.1 million bu for the week, and the year's total is 5 million bu greater thus far. There is also a pretty good demand for meal and oil, which kept prices on a relatively firm basis. Flour demand is rather slow, but it generally is around the holiday period.

The pig report showed a prospective reduction of only 2%. This is not very much considering that hogs have been selling at the lowest level in 14 years. It should likewise not alter the consumption of corn a great deal from that of last year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 23 , 1955

One of our best customers for soybeans is Japan. Last year we shipped 20 million bu beans to that country, with a value of about $56 million. There is little doubt that we could increase our business to that country if we maintain high quality. Recent studies have shown that Japanese buyers sometimes favor Manchuria, which has been a traditional source of supply over a period of many years. In order to keep our trade at a high level, it is necessary to keep beans free from any foreign material, such as morning glory seeds, soybean stems, corn, and cockleburr. These are said to unfavorably affect food products that are made from soybeans. The Japanese use the beans almost entirely as human food in contrast to the U. S. where the oil is used as food and the meal principally as livestock feed. We know of very few countries that are in a similar position, and where the soybean meal goes direct for human consumption, which, of course, is an important item.

As we study the winter wheat report, which was released earlier this week, we find that despite dry conditions of topsoil, the indicated yield is for a winter wheat crop next summer of 16.3 bu per seeded acre, which is one-half a bu above average. This is brought about despite prospects in Oklahoma and Texas, which are not too favorable. Late September and early October precipitation brought fields up to good stands but plant development and growth has been slow, due to lack of surface soil moisture. Roots are not well established with a limited plant growth, which is providing little protection from wind erosion in the powdery, dry fields. Oklahoma and Texas account for more than one-fifth the total acreage seeded to winter wheat. Despite this the experts in the Department are anticipating that the abandonment will be about 18% while last year it amounted to 24.1%. Thus nearly one-fourth of the seeded acreage was not harvested for grain. More than one-third of the winter wheat acreage is located in Kansas, Nebraska, and Colorado, In Colorado planting conditions were the best in a number of years except the counties bordering on Kansas. In Kansas seedings got off to a slow start. They were delayed first by dry soil conditions that existed until late September and then by a general rainfall, which slowed seeding operations. The late September moisture brought "dusted in" fields up to good stands and provided adequate moisture for excellent germination of subsequent seedings. Practically all fields are up with excellent stands and the best prospects since the fall of 1951. The absence of additional moisture since seeding has slowed plant growth and limited full root development in some fields. The lack of surface moisture has prevented many fields from being pastured and the surface soils are now quite loose and vulnerable to wind erosion. In Nebraska, winter wheat was seeded under favorable moisture conditions that promoted quick germination and gave plants an excellent early growth. Most of the acreage entered the dormant state in excellent condition and under a blanket of snow.

The USDA December forecast for 1956 wheat production in the following states is given as: (million bu)

Kansas	143.1	vs	128.3	last year
Oklahoma	65.2	vs	23.7	" "
Texas	19.6	vs	13.4	" "
Nebraska	66.3	vs	78.0	" "
Colorado	34.0	vs	16.2	" "
Total:	328.2		259.6	

With the exception of Michigan, prospects in the Central States show a small decline.

Primary receipts of wheat were quite light today and amounted to only 724,000 bu, which compared with 755,000 bu last week, and 833,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 352,000 bu. When the visible supply is posted next Tuesday it will compare with a shrinkage last year of 1 3/4 million bu.

Trade was extremely quiet, and there was no feature whatsoever. On moderate reactions there seemed to be a little buying, but cash markets and flour business were likewise devoid of any activity. Foreign markets are also enjoying a holiday, and even orders which the government might fill for export seem to be held in abeyance.

WE WISH YOU A VERY MERRY CHRISTMAS.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 27, 1955

With the various grains accumulated in this country, particularly those which are supported above their merit, it is quite imperative that we revise the present program. Thus far we are very skeptical that because of political factors and other considerations that the steps taken are sufficient to do the job correctly. According to the formula that is prescribed, acreage cuts are mandatory in wheat, and for various other commodities when the surpluses reach a certain point. But on the other hand, there are limitations as to how deep these acreage cuts may go, and in wheat there is a minimum in order to protect farmers. Presently this amounts to about 55 million acres. Even that seems to be enough to take care of our domestic and export requirements under normal crop conditions.

In order to stabilize agriculture we have to go beyond any measures so far adopted. If price supports are increased again as some politicians have urged, it would only add to their grief rather than bringing comfort. It is true farmers might get a little more for their wheat and cotton that went into the loan, but by the same token it would merely add to the already unmanageable surpluses that have been built up, and even though there could conceivably be more placed in a sterile account the very fact that those supplies were there would be a dead weight on the market, and there would always be the fear that some day they would come back into the usual channels of trade. This is probably the reason that the soil bank has been considered. First of all, it would put more land into grass, legume roughage, or fallow, and thus build up the soil, which after all is one of the farmers' greatest assets. He would receive conservation payments which would in a sense offset the loss from cash crops, which would be restricted. In the long run, the producer would be better off provided, of course, he did not cultivate too extensively the remaining acres, and thus try to get the same yields as he did before the system became effective. Just how the amount of money would be paid out for such soil conservation payments in a given year is not clear.

Before our market opened this morning there was little to guide it. There was hardly any carry over feeling from Friday, and new developments were lacking. There had been no rain in the arid sections of the Southwest, although floods were still being reported on the Pacific Coast. Unfortunately, nature has not made the distribution more favorable to those farmers who have been waiting several months for relief. The outlook is for possibly some light rain or snow in western parts of the Southwest, but even map readers who study the situation closely are not too optimistic in that regard. Our office at Minneapolis advised us that the trade was inclined to believe that after the first of the year farmers would relax their holding tendency, and offer grains more freely. This seems a natural consequence of certain tax problems, which has held back grain during December.

Meanwhile, our government, under P.L. 480, is concluding or at least has under consideration, agreements with Argentina, Greece, Italy, Spain, and other countries for the sale of vegetable oils to them, and if the program goes through in its entirety it might involve the equivalent of the oil from about 50 million bu of soybeans, which is quite a chunk of the 1955 crop.

When the visible supply of wheat was posted there was a fairly good sized decrease of nearly 5 million bu; total stocks in all positions are 386.7 million bu vs 364.2 million bu last year. Corn stocks increased 1 1/4 million bu, oat stocks decreased 549,000 bu, and in beans there was only a small shrinkage. Here in Chicago wheat stocks declined to 14 1/4 million bu. There was very little change in corn, the total stock here including afloat amounts to nearly 13 million bu. There was a fairly good decline in oat stocks of 478,000 bu, and rye stocks went down 192,000 bu, which almost equalled the increase in boats, so that with the amount in elevators and afloat there is only 3 million bu here, and this seems to be gradually making for a healthier condition. The change in beans was unimportant.

Markets were extremely dull. There was hardly any flour demand over the holiday, but there was a little support in wheat with fractional advances. In beans, a better sentiment seems to be developing. Would not be surprised to see firmness in that market as compared to other grains. Corn was without much feature. The Chicago corn-hog ratio stands at 8.6 vs 8.5 last week, and 11.2 last year. Rye did better and with stocks declining, there should be gradual readjustment, as this cereal is cheap compared with other grains.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 28, 1955

There was not a great deal of news this morning to guide our market. For the first time in a long while the weather map was a little more promising, and it looks as though there may be some moisture, although light in character over northwestern Kansas. It will probably be in the form of snow and may extend to other western sections of the State, but not much hope is held for any relief in Oklahoma or Texas, where it has likewise been extremely dry. It was rather surprising when the crop report was issued that as much optimism was expressed in the figure for next year's winter wheat crop owing to the fact that there has been a deficiency in surface moisture now for several months. Nevertheless, the crop did get off to a good start, and we have found in the past that winter dryness or even freezing conditions are not too serious if late snows occur or if we have adequate rains during the spring period. Nevertheless, with an outlook for 735 million bu winter wheat, this, if attained, would be 4% more than the 1955 crop, which was completely adequate. It would, however, show a reduction of 15% below average, but even so it is quite obvious that the present cut in acreage is not bringing us more into line with our annual consumption, including domestic usage and exports. It is, of course, very early to have decisive judgments based on conditions of December 1st. Weather will play an important part, as will also damage from insects, and much could still occur to affect the final outturn of the crop. In the last twenty years the average change in the U. S. production estimate from December 1st to harvest has been 114 million bu. The maximum change was in 1953 when final production exceeded the December estimate by 270 million bu. The minimum change was in 1936, when the harvest was 6 million bu less than the December 1st estimate, while the 1955 crop production exceeded the December 1, 1954 forecast by about 26 million bu. Thus one must be somewhat conservative when dealing with this early data.

The Nebraska weekly crop report told of high temperatures during the week, which reduced the snow cover over most of the western areas, but the runoff was slight and moisture packed the soil around the crown of the plant. In the eastern part of the State dry conditions continue, and precipitation in the form of rain or snow would be of material benefit to the winter wheat crop.

We have spoken occasionally about increased farm selling after the turn of the year, but according to The Southwestern Miller, any marked increase in the Southwest seems rather dim, and they feel the same is more or less true for the soft winter wheat belt. It is admitted, however, that in the spring wheat area farm selling may be somewhat greater.

Primary receipts of wheat amounted to 1,175,000 bu which compared with 662,000 bu last week, and 640,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 74,000 bu.

Our markets today were extremely dull and featureless. Wheat never got very far from its base either in an upward or downward swing, and according to The Southwestern Miller, flour demand was still exceedingly meager, which is not too unusual for this season of the year. The only reports of export business that we saw were sales to Finland with about 3,000 tons of U S soft white wheat involved, and even that is quite insignificant.

Our Minneapolis office wired us that it was the considered opinion of well-posted grain men in that market that because of the large stocks of free wheat in the Northwest, it would be difficult to bull the Minneapolis wheat market, and they felt that May and July wheat would narrow their premiums, which now exist over Chicago futures. We are in agreement with this opinion, even though there may be a considerable portion of wheat still impounded between now and the end of January. It looks to us as though Minneapolis would have some difficulty in selling its flour, with prices so high over other markets.

There was hardly any feature to the corn market. During most of the session it was a little lower than the day before, and the country is not selling much, but on the other hand the demand is rather slow. The spot market is running from 1 under to 1 over, but the cash market is likewise rather inactive. Beans probably were more active than other commodities on the Exchange Floor, and while prices were a shade lower, there is at least a chance, in our opinion, for higher prices later on, and we believe that beans should gain on both corn and wheat. Yesterday there were nearly 18 million bu of beans traded out of a total volume of 26 million bu for all grains. In oats, the volume was less than 300,000 bu, which is hardly a market. We believe the complete indifference is due largely to government intervention. They sold more milo to an exporter.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 29, 1955

For several years now rye prices have been depressed, and during the period when there were heavy imports from Canada there was a good deal of rye shipped to Chicago. Once it came here the demand was very slow, so that we had heavy carrying charges, which was a handicap to bullish operations, and the price level stayed relatively low as compared with wheat and even in comparison with corn. Now that we have restricted imports there is a chance that the situation is gradually changing, but even if there were a normal exchange of goods between that country and ours, it is doubtful whether much rye would come here as the May future in Winnipeg is only about 12¢ cheaper than Chicago. This hardly permits importation on any large scale after taking into account freight charges, import tariffs, etc. We did raise the largest crop last summer that we have in years, the yield amounting to 29 million bu, which was one-fifth larger than the year before and about one-third larger than average. This does not take into account the much larger crops that were harvested a good many years ago, when almost every season we produced about 40 million bu. At that time, however, there was about 10 million bu exported. We also used 10 million bu for spirits and the remainder was not particularly burdensome, so that rye invariably sold within 10 to 15¢ of the wheat price, and sometimes the differences were even narrower. This past season almost half the rye was raised in North and South Dakota; thus those two states accounted for about 13 1/2 million bu. Impoundings have been heavy, and we dare say that the bulk of the quantities that have gone into the loan have been in our Northwest. So there is gradually less pressure on the market, and while Chicago stocks are not decreasing heavily, there is a tendency in that direction.

For next year the outlook is for a smaller acreage, with about 8% less planted to winter rye than in 1954, although it should be borne in mind that this is still a third greater than the ten-year average, which amounted to 3.6 million acres. Nearly a third of the U. S. seeding was made in the Dakotas, Nebraska, and Kansas, and unless a good deal of this rye comes to Chicago, we believe there is a chance that the market will gradually improve, particularly as condition of the rye crop on December 1st was about 3 points below the previous December, and 2 points below the ten-year average. Thus we are probably faced with a smaller crop next summer

There had been some moisture forecast for the Southwest, but most of our offices reported cloudy weather with lower temperatures, and while there is still a chance for some snow or sleet, it hardly looks as though amounts would be heavy. This was probably the reason for a somewhat higher opening this morning, with July and September wheat a little stronger at first than the old-crop months.

The weekly Kansas report on crop conditions spoke of continued declines due to the fact that dry weather has persisted. Warm temperatures encouraged rooting of wheat in northern counties, where melting snow provided some moisture. Elsewhere in the state wheat plants made little response to unseasonably warm weather due to lack of surface soil moisture. It was stated, however, that virtually no disease or insect damage had occurred to date and that even with the drought, soil blowing up to now has been relatively light. There does exist the hazard of wind erosion and this is increased daily as drought continues and there is an urgent need for substantial precipitation throughout the state.

Primary receipts of wheat amounted to 810,000 bu, which was a little more than last week when they were 704,000 bu, a year ago they amounted to 1 1/2 million bu. So far this week Kansas City and Minneapolis stocks show a total decrease of 228,000 bu.

Markets were again extremely dull, and flour business continued slow, which has been the usual pattern during a holiday period of this kind. Nevertheless, there was some buying of wheat futures with hardly any opposition, and with not too much moisture in sight there was reasonable strength on moderate commission house buying. Corn was not only indifferent, but acted weak, and we are told that there still is a great deal of corn in the country and we would not be surprised from what we hear if there were heavier selling after the turn of the year. The same might be true in beans unless prices should slump off materially. There were a few beans offered from downstate today, although the volume was not big. There is talk that deliveries on January contract may amount to 1/2 million bu, and may be somewhat greater. On setbacks we feel that beans can be purchased as exports are keeping up reasonably well, and we believe that with the help of the government there will be a fairly good-sized business in oil under P L 480.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 30, 1955

The year 1955 is drawing to a close, and for the grain trade it was not a particularly good year, despite the fact that crop production almost equalled the 1948 record, and surpassed by a good margin the total for many of the past six years. Ordinarily when there are such large surpluses, there is a good merchandising business, and generally speaking, exports go through private channels, so that a good deal of hedging and exchange of futures takes place. In contrast to this normal situation, most of the wheat that was shipped abroad came from government stocks and was sold directly to a few large exporters, so that there was a minimum of futures trading involved; likewise, with so much grain tied up under government storage, traders were restrained from making many commitments in futures, and it was a year of exceptionally small volume of trade in the various pits.

New high individual crop production totals were attained for oats, soybeans, hay, alfalfa seed, sorghum silage, and oranges. The 1955 corn crop, certainly no dwarf at 3.2 billion bu, might easily have been the largest ever produced if only there had been one or two general soaking rains covering the western corn belt during late July or early August. We established new record yield averages for oats, spring wheat, rice, cotton, and a number of other agricultural commodities, all attesting to the fact that great farm efficiency has taken place and that with intensive cultivation, more fertilizers, and adequate machinery, we are getting almost the best out of the soil that is humanly possible. Even winter wheat matched the former record set in 1952, and the yield per harvested acre was equally high. Actually, the winter wheat crop yielded 20.9 bu per acre compared with only 18.0 bu during the ten-year average period.(1944-53.) Feed-grain tonnage during the year was also outstandingly large. The 130-million-ton production ranked second only to 1948, and included here is the sorghum grain production, with a yield of nearly 233 million bu, almost double the ten-year average of 134 million bu.

Altogether, we may say that, despite adverse weather in various parts of the country, the results have been very satisfactory. Modern power equipment has further increased farmers' remarkable capacity to get work done when it counts the most. The outcome gives new evidence of farmers' productive skill and resourcefulness. While the government was trying to reduce crops in certain categories, we find that the over-all acreage was diverted more than it was reduced. The 355 million acres of crops planted or grown during 1955 were only 3.4 million acres, or about 1% below average.

With the dawn of a new year, it is our foremost and fervent hope that saner farm laws and better agricultural policies be adopted in 1956. The Grain Exchange, with its futures market, is a marvelous piece of machinery, which has been of great benefit to producers, consumers, and the grain trade. We are very much concerned over the future, and whether the marketing machinery built up over the past century can continue to function economically and normally if present unwise legislation is continued. We know that there are people in this country who decry the value of our marketing machinery, and who even represent it as being detrimental to the best interests of the producer. They do their best to arouse conflict between producers and the grain trade. Such people, however, do not have the welfare of the producer at heart. A little reflection on part of farmers should quickly convince them of the falsity of such prejudiced and emotional charges. The farmer in America, as elsewhere in the world, needs both good crops and efficient marketing conditions. The battle is only half won when crops turn out favorably. When any government permits surpluses to pyramid, it is bound to exert a depressing influence on the price of current crops, and at the same time it tends to narrow the scope of his market.

Markets started off quietly and without much change. As the session progressed there was more response to the forecast for continued dry weather Southwest. The Agriculture Department stated that as of December 1st the topsoil of about 20 million acres in the Midwest was in condition to be blown away this winter or next spring. This compared with 26 million acres in similar condition a year ago, when actually about 16 million acres were damaged.

Scattered buying in wheat found the market vulnerable, and we had particular strength in new-crop positions. Tenders on January bean contracts were over 2 million bu. Even corn advanced, and that commodity has been weak now for a long period of time. Rye was strong with Winnipeg leading.

WE WISH YOU A HAPPY NEW YEAR.

UHLMANN GRAIN CO.